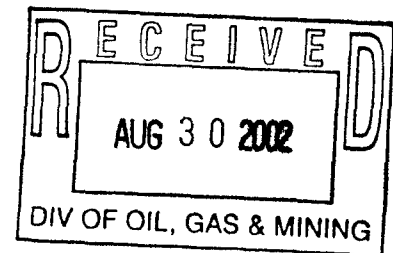




P.O. Box 1230  
195 North 100 West  
Huntington, Utah 84528  
Phone: 435-687-5310

Cell: 435-650-1886  
Fax: 435-637-5311  
Email: talon@castlenet.com

August 27, 2002



Mr. Eric Jones—Petroleum Engineer  
Bureau of Land Management  
82 East Dogwood  
Moab, Utah 84532

RE: Application for Permit to Drill—Dudley Federal 43-24, Dudley & Associates, LLC  
1619' FSL, 514' FEL, Section 24, T14S, R7E, SLB&M, Carbon County, Utah

Dear Mr. Jones:

On behalf of Dudley & Associates, LLC, Talon Resources, Inc. respectfully submits the enclosed original of the *Application for Permit to Drill (APD)* for the above named well. Included with the APD is the following supplemental information:

- Exhibit "A" - Survey plats and layouts of the proposed well site;
- Exhibit "B" - Proposed location maps with access and utility corridors;
- Exhibit "C" - Drilling site layout;
- Exhibit "D" - 8-Point Drilling Program;
- Exhibit "E" - Onsite Inspection Checklist
- Exhibit "F" - Typical road cross-section;
- Exhibit "G" - Typical BOP diagram;
- Exhibit "H" - Typical wellhead manifold diagram.

**FILE COPY**

**CONFIDENTIAL**

Please accept this letter as Dudley & Associates, LLC's written request for confidential treatment of all information contained in and pertaining to this application, if said information is eligible for such consideration.

Thank you very much for your timely consideration of this application. Please feel free to contact myself, or Mr. Tim Schowalter of Dudley & Associates, LLC at 303-861-0800 if you have any questions or need additional information.

Sincerely,

*Don Hamilton*

Don Hamilton

Agent for Dudley & Associates, LLC

cc: Mr. Mike Kaminski, BLM – Price Field Office  
Mr. Carter Reed, USDA Forest Service – Price SO  
Mr. Tom Lloyd, USDA Forest Service – Ferron DO  
Mrs. Diana Mason, Division of Oil, Gas and Mining  
Mr. Mark Jones, Division of Oil, Gas and Mining  
Mr. Tim Schowalter, Dudley & Associates, LLC  
Mr. George Rooney, Dudley & Associates, LLC  
Dudley & Associates, LLC Well Files

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

001

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

|   |  |  |
|---|--|--|
| 1a. TYPE OF WORK<br><b>DRILL</b> <input checked="" type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>   |  | 5. LEASE DESIGNATION AND SERIAL NO.<br><b>UTU-77371</b>                          |
| b. TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME<br><b>N/A</b>                               |
| 2. NAME OF OPERATOR<br><b>Dudley &amp; Associates, LLC</b>  |  | 7. UNIT AGREEMENT NAME<br><b>N/A</b>   |
| 3. ADDRESS AND TELEPHONE NO.<br><b>1776 Lincoln St. Room 904, Denver, Colorado 80203-1026 303-861-0800</b>  |  | 8. FARM OR LEASE NAME, WELL NO.<br><b>Dudley Federal 43-24</b>                   |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. *)<br>At surface <b>4382121 Y 39.59067</b><br>At proposed prod. zone <b>1,619' FSL, 514' FEL 493055 X -111.08088</b>        |  | 9. API WELL NO.<br><b>43-007-30877</b>   |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*<br><b>14.5 miles west of Price, Utah</b>  |  | 10. FIELD AND POOL, OR WILDCAT<br><b>Gordon Creek</b>                            |
| 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)<br><b>514'</b>  | 16. NO. OF ACRES IN LEASE<br><b>3,215.90</b> | 11. SEC. T, R, M., OR BLK.<br><b>NE/4 SE/4, Section 24, T14S, R7E, SLB&amp;M</b> |
| 18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.<br><b>1,600'</b>   | 19. PROPOSED DEPTH<br><b>4,200'</b>          | 12. COUNTY OR PARISH<br><b>Carbon</b>  |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc.)<br><b>7770' GR</b>   |  | 13. STATE<br><b>Utah</b>   |
| 23. PROPOSED CASING AND CEMENTING PROGRAM   |  | 17. NO. OF ACRES ASSIGNED TO THIS WELL<br><b>160 acres</b>                       |
| 20. ROTARY OR CABLE TOOLS<br><b>Rotary</b>  |  | 22. APPROX. DATE WORK WILL START*<br><b>October 2002</b>                         |

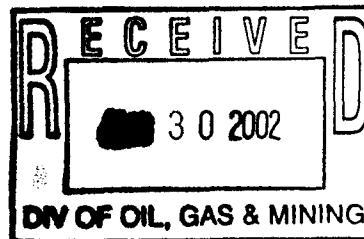
| SIZE OF HOLE | GRADE, SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT   |
|--------------|-----------------------|-----------------|---------------|--|
| 12-1/4"      | 9-5/8" J-55 ST&C      | 36              | 2,000'        | 1,100 sacks Class G cement + 2% CaCl <sub>2</sub> + 0.25 pps cellophane flakes |
| 8-3/4"       | 5-1/2" J-55 ST&C      | 15.50           | 3,970         | 400 sacks 10:1 RFC Class G cement + 0.25 pps cellophane flakes                 |

Bond Information will be provided under separate cover from Dudley & Associates, LLC

Surface Owner: United States of America

Surface Representative: USDA Manti La-Sal National Forest 599 Price River Drive, Price, Utah 84501  
Carter Reed —435-636-3547

Federal Approval of this  
Action is Necessary



CONFIDENTIAL

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Don Hamilton Don Hamilton TITLE Agent for Dudley DATE 8-27-02

(This space for Federal or State office use)

PERMIT NO. 43-007-30877 APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:  
APPROVED BY Bradley G. Hill TITLE ENVIRONMENTAL SCIENTIST III DATE 12-17-02

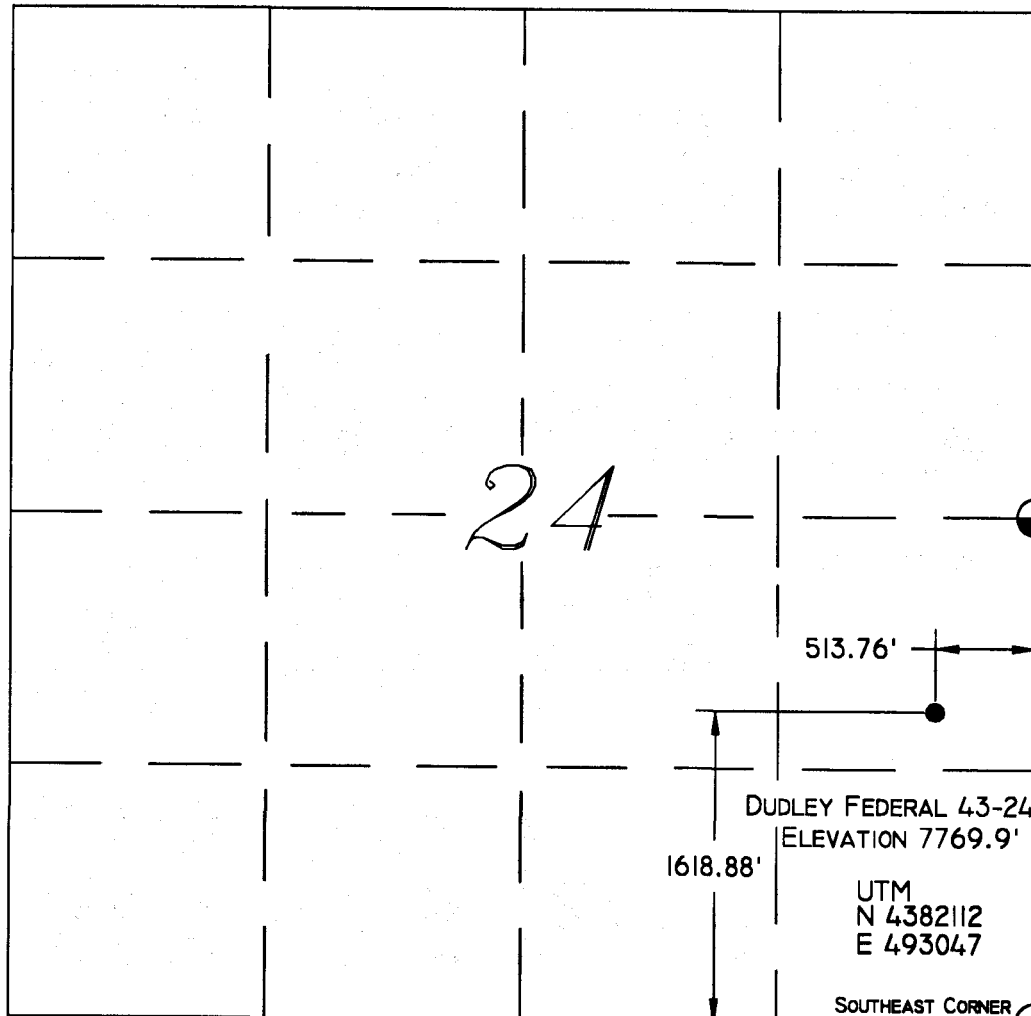
\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency or the

# Range 7 East

(N89°56'W - 5296.5')

Township 14 South  
(NORTH)



(N89°59'W - 5272.08')

## Legend

- DRILL HOLE LOCATION
- ⊙ BRASS CAP (FOUND)
- BRASS CAP (SEARCHED FOR, BUT NOT FOUND)
- △ CALCULATED CORNER
- ( ) GLO

GPS MEASURED

## NOTE:

UTM AND LATITUDE / LONGITUDE COORDINATES ARE DERIVED USING A GPS PATHFINDER AND ARE SHOWN IN NAD 83 DATUM.

LAT / LONG  
39°35'26"  
111°04'54"

## Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE 4700 GPS SURVEY GRADE UNIT.

## Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

## GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT OBTAINED FROM THE U.S. LAND OFFICE.

## Basis of Elevation:

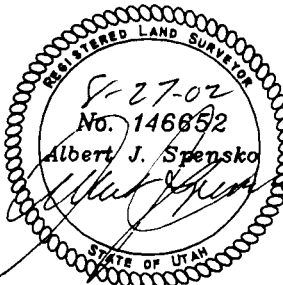
BASIS OF ELEVATION OF 7710' BEING AT THE SOUTHEAST SECTION CORNER OF SECTION 19, TOWNSHIP 14 SOUTH, RANGE 8 EAST, SALT LAKE BASE AND MERIDIAN, AS SHOWN ON THE WATTIS QUADRANGLE 7.5 MINUTE SERIES MAP.

## Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE NE1/4 SE1/4 OF SECTION 24, T14S, R7E, SLB&M, BEING 1618.88' NORTH AND 513.76' WEST FROM THE SOUTHEAST CORNER OF SECTION 24, T14S, R7E, SALT LAKE BASE & MERIDIAN.

## Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



(N0°13'W - 2696.76')

(N0°44'26"W - 2657.14')  
(N0°46'E - 2671.68')

SECTION 19, T14S, R7E  
SOUTHWEST CORNER  
ELEVATION 7710'

## GRAPHIC SCALE

0 500' 1000'  
( IN FEET )  
1 inch = 1000 ft.



TALON RESOURCES, INC.

Price & Huntington, Utah  
Phone (435)637-8781 Fax (435)636-8603  
E-Mail talon@castlenet.com

DUDLEY & ASSOCIATES, LLC

DUDLEY FEDERAL 43-24

Section 24, T14S, R7E, S.L.B.&M.  
Carbon County, Utah

|                      |                                |
|----------------------|--------------------------------|
| Drawn By:<br>T.DAVIS | Checked By:<br>L.W.J. / A.J.S. |
| Drawing No.<br>A-1   | Date:<br>8/21/02               |
|                      | Scale:<br>1" = 1000'           |
| Sheet 1 of 4         | Job No.<br>732                 |

Attached to BLM Form 3  
Dudley & Associates, LLC  
**Dudley Federal 43-24**  
NE/4 SE/4, Sec. 24, T14S, R7E, SLB & M  
1,619' FSL, 514' FEL  
Carbon County, Utah

## DRILLING PROGRAM

### 1. The Geologic Surface Formation

Emery Sandstone Member of the Mancos Shale

### 2. Estimated Tops of Important Geologic Markers

|                               | <u>MD</u> | <u>Subsea</u> |
|-------------------------------|-----------|---------------|
| Lower Mancos Shale            | 1,840'    | +5,930'       |
| Top Mancos Gas Zone           | 2,340'    | +5,430'       |
| St. 18-1A Mancos "perf. Int." | 2,940'    | +4,830'       |
| Mancos Blue Gate Marker       | 3,410'    | +4,360'       |
| Ferron                        | 3,660'    | +4,110'       |
| Ferron "A" Sand               | 3,675'    | +4,095'       |
| Ferron "B" Sand               | 3,802'    | +3,968'       |

### 3. Projected Gas & Water Zones

Mancos Gas Zone: 2,340' – 3,115'  
Ferron Sands: 3,660' – 3,970'

Groundwater may be encountered within the Emery Sandstone Member of the Mancos Shale. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be installed to protect potentially productive hydrocarbons, groundwater sources, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 2000 psi.

#### 4. The Proposed Casing and Cementing Programs

| HOLE<br>SIZE | SETTING DEPTH<br>(INTERVAL) | SIZE<br>(OD) | WEIGHT, GRADE<br>& JOINT | CONDITION |
|--------------|-----------------------------|--------------|--------------------------|-----------|
| 12-1/4"      | 2,000'                      | 9-5/8"       | 36# J-55 ST&C            | New       |
| 8-3/4"       | 3,970                       | 5-1/2"       | 15.50# J-55 ST&C         | New       |

##### Cement Program –

Surface Casing: 1,100 sacks Class G + 2 % CaCl<sub>2</sub> + 0.25 pps cellophane flakes;  
Weight: 15.8 #/gal  
Yield: 1.15 cu.ft/sk  
Excess: 125%

Production Casing: 400 sacks 10-1 RFC with 0.25 pps cellophane flakes  
Weight: 14.2 #/gal  
Yield: 1.61 cu.ft/sk  
Excess: 25%

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. The Operator's Minimum Specifications for Pressure Control

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 3000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. The Type and Characteristics of the Proposed Circulating Muds

0-2,000'      12-1/4" hole      Drill with air, will mud-up if necessary.

2,000'-3,970'    7-7/8" hole      Drill with air, will mud-up if necessary.  
500 psi @ 1500-2300 Scf.

7. The Testing, Logging and Coring Programs are as followed

2,000'-3,970'      Dual Induction/SFL, LDT/CNL

Any Anticipated Abnormal Pressures or Temperatures

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 1000 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: October 2002.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Division of Oil, Gas & Mining:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Division of Oil, Gas & Mining immediately.

Attached to BLM Form 3  
Dudley & Associates, LLC  
**Dudley Federal 43-24**  
NE/4 SE/4, Sec. 24, T14S, R7E, SLB & M  
1,619' FSL, 514' FEL  
Carbon County, Utah

### THIRTEEN POINT SURFACE USE PLAN

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

The onsite inspection for the referenced well was conducted on Tuesday, July 11, 2002 at approximately 10:00am. Weather conditions were hot and dry. In attendance at the onsite inspection were the following individuals:

Don Hamilton  
Carter Reed  
Tom Lloyd  
Jeff Alexander

Permitting Agent  
Forest Geologist  
District Geologist  
Transportation Engineer

Talon Resources, Inc.  
Manti La-Sal National Forest  
Manti La-Sal National Forest  
Manti La-Sal National Forest

1. Existing Roads:

- a. The proposed well site is located approximately 14.5 miles west of Price, UT.
- b. As you are leaving Price proceed west along 1<sup>st</sup> North past the Holiday Inn and through the Westwood housing development. The road will trend nearly south as you approach a four-way intersection with the Gordon Creek Road. Turn west on the Gordon Creek Road and proceed approximately 0.44 miles and turn left on the gravel road. Follow the Pinnacle Peak Road to the five-way intersection on Porphyry Bench just past the hermit's house. Take the northwest road across the railroad tracks and proceed along the Haley Canyon Road until you cross the USDA Forest Service Boundary. This entire trip will take nearly 45 minutes from Price. At the cattle guard on the forest boundary turn south and traverse along the gravel surfaced USDA Forest Service road to the proposed well site approximately .4 miles from the cattleguard. (see Exhibit "B"). The road is surfaced with gravel to the western edge of Phillips Petroleum development and is an improved road with no aggregate to the forest boundary.
- c. The use of roads under Carbon County Road Department maintenance is necessary through state and private lands from the existing Phillips Petroleum development to the forest boundary. An encroachment permit is not anticipated at this time since no upgrades to the Carbon County Road is proposed at this time. An encroachment permit from the Carbon County Road Department will be secured prior to any upgrade of the existing county road.
- e. All existing roads will be maintained and kept in good repair during all phases of operation.
- f. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.
- g. Since no improvements are anticipated to the county access roads no topsoil striping will occur.
- h. Move-in and Move-out of the drill rig will not be allowed during holiday weekends and will be



restricted during the big game hunting seasons as specified by the Forest Service as conditions for approval of the Surface Use Plan of Operations.

2. Planned Access Roads:

- a. From the forest boundary to the well site will utilize the gravel surfaced Forest Service Road upgraded to drill the Mosbacher 25-1 in 1981. The proposed well site is adjacent to this road so no spur road is proposed with this application. A road design plan is not anticipated at this time but can be provided if requested by representatives of the Forest Service.
- b. Proposed access will utilize Manti-La Sal National Forest Roads for approximately 2,000' in which approval to upgrade to Forest Service specification and utilize is requested with this application..
- c. A maximum grade of 10% will be maintained throughout the project.
- d. Adequate drainage structures will be incorporated into the road and will meet Forest Service specifications and approval prior to any construction.
- e. No gates or cattle guards are anticipated at this time.
- f. Surface disturbance and vehicular travel will be limited to the approved location access road. Any additional area needed must be approved by the Forest Service in advance.
- g. If new and/or existing roads lie outside the lease boundary a right-of-way will be obtained.
- h. Unauthorized off-road vehicular travel is prohibited.
- i. Adequate signs will be posted along Forest Service Development Roads and as appropriate along the county road to warn the public of project related traffic.

3. Location of Existing Wells:

- a. Following is a list of existing wells within a one mile radius of the proposed well:
  - i. Water wells NW/4 SE/4, Section 19, T14S, R8E
  - ii. Injection wells None
  - iii. Producing wells None
  - iv. Temp. shut-in wells SE/4 NW/4, Section 19, T14S, R8E GCS 19-14-8  
NE/4 SW/4, Section 19, T14S, R8E GCS 19-14-8 (b)
  - v. P & A wells SE/4 NE/4, Section 24, T14S, R7E GC Unit #1  
NE/4 NE/4 Section 25, T14S, R7E Mosbacher 25-1  
SE/4 SW/4, Section 18, T14S, R8E State #18-1A  
NE/4 NW/4, Section 19, T14S, R8E GC Unit #3  
NW/4 SE/4, Section 19, T14S, R8E GC Unit #1
- b. Numerous abandon coal exploration holes exist in the area and have not been shown on the maps since they are not classified as wells.

4. Location of Production Facilities:

- a. The production facilities layout will be submitted to the Forest Service prior to installation if the well is proven productive. Production facilities may be subject to further environmental analyses and approval by the Forest Service.
- b. All permanent structures (in place for six months or longer) constructed or installed (including pump jacks and separators) will be painted a flat, non-reflective olive black (or as determined by the Forest Service) to match the standard environmental colors, as determined by the approving agency. All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) may be excluded.
- c. All site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 will be adhered to.
- d. If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flow-line will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
- e. If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All liquid hydrocarbons production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4 and Onshore Oil and Gas Order No. 5 for natural gas production and measurement.
- f. Installation of any oil or gas flow lines, if required, will be installed along the proposed access routes.
- g. Any necessary pits will be properly fenced to prevent any wildlife and livestock entry..
- h. All access roads will be maintained as necessary to prevent erosion and accommodate year-round traffic. The road will be maintained in a safe useable condition.
- i. The site will require periodic maintenance to ensure that drainages are kept open and free of debris, ice, and snow, and that surfaces are properly treated to reduce erosion, fugitive dust, and impacts to adjacent areas.
- j. All gasoline and diesel-powered equipment will be equipped with effective spark arresters or mufflers. Spark arresters will meet Forest Service specifications discussed in the USDA Forest Service Spark Arrester Guide. In addition, all electrical equipment must be properly insulated to prevent sparks.
- k. A gas and water pipeline is associated with this application and is being applied for at this time. The proposed gas and water pipeline corridor will follow the existing county road to the forest boundary then traverse along the north and east of the forest roads proposed for utilization.

5. Location and Type of Water Supply:

- a. All water needed for drilling and construction purposes will be obtained from Price River Water Improvement District (a local source of municipal water) through a direct purchase.

- b. Additional waters, if available, will be properly and legally obtained according to State water laws. The location of diversion, if on Nation Forest System lands, is subject to Forest Service approval.
- c. Because of the drought situation this year no other source of water is being pursued at this time.

6. Source of Construction Material:

- a. Pad construction material will be obtained from a Private Owner near Price, Utah.
- b. The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.
- c. No construction materials will be removed from Forest Service lands
- d. Any gravel used will be obtained from a state approved gravel pit.

7. Methods of Handling Waste Disposal:

- a. All wastes associated with this application will be contained and disposed of utilizing approved facilities designed for the safe storage and disposal of the waste material.
- b. Drill cutting will be contained and buried on site if they are free of liquid and proved through laboratory analysis to be free of any toxins including barium-containing compounds. Should the cutting fail to meet this requirement as determined by the Forest Service they will be hauled off of Forest Service lands for placement in an approved solid waste disposal site.
- c. The reserve pit will be located outboard of the location and along the west side of the pad.
- d. The reserve pit will be constructed so as not to leak, break, or allow any discharge.
- e. The reserve pit will be lined with 12 mil minimum thickness synthetic liner material unless designated otherwise by the Forest Service officers prior to construction. Pit walls will be sloped no greater than 2:1. A minimum 2-foot freeboard will be maintained in the pit at all times during the drilling and completion operation.
- f. The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry. As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.
- g. Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations. The contents of the trash container will be hauled off periodically to the approved Carbon County Landfill near Price, Utah. Burning of trash and debris is prohibited.
- h. After first production, produced wastewater will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90-day period, in accordance with Onshore Order No. 7, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted for the Authorized Officers approval.

Failure to file an application within the time allowed will be considered an incident of noncompliance.

- i. Any salts and/or chemicals, which are an integral part of the drilling system, will be disposed of in the same manner as the drilling fluid.
- j. Sanitary facilities are required on site at all times during operations. Sewage will be placed in a portable chemical toilet or holding tank and disposed of in accordance with state and county regulations. The installation of facilities, other than self-contained chemical toilets, is subject to State and Forest Service approval.
- k. The produced fluids (other than water) will be produced into a test tank until such time as construction of production facilities is completed. Any spills of oil, gas, salt water or other produced fluids will be cleaned up and removed.

8. Ancillary Facilities:

- a. Garbage Containers and Portable Toilets are the only ancillary facilities proposed in this application

9. Well Site Layout :

- a. The well, whether drilling, producing, suspended, or abandoned, will be properly identified in accordance with 43 CFR 3162.6.
- b. Access to the well pad will be from the west.
- c. The pad and road designs will be consistent with Forest Service specification as outlined in the Region 4 Oil and Gas Roving Guidelines and the Manti-La Sal National Forest Oil and Gas Well Site Guidelines and are subject to Forest Service approval. No construction operations may begin prior to approval. Any modifications to approved plans are also subject to review and approval.
- d. The operator shall submit for approval, (within 90 days following completion of the well), a maintenance plan for the site, the project road and that portion of any Forest Development Road to be used for project access. A road use permit must be obtained from the Forest Service authorizing commercial use of Forest Service Development Roads. Requirements listed in the road-use permit must be followed.
- e. A pre-construction meeting including the responsible company representative(s), contractors, and the Forest Service must be conducted at the project site prior to commencement of surface-disturbing activities. The pad and road must be construction-staked prior to this meeting. Site specific requirements will be discussed at that time.
- f. The pad has been staked at its maximum size of 280' X 150', however it will be constructed smaller if possible, depending upon rig availability. Should the layout change this application will be amended and approved utilizing a sundry notice.
- g. The operator will acquire appropriate permission to utilize non-Forest Service Roads.
- h. The project engineer and surveyors must be certified by the State in which they reside or maintain

their business.

- i. Establishment of campsites on the pad or at other locations on National Forest System lands by the operator or his contractors is subject to Forest Service approval.
- j. All surface disturbing activities, including reclamation, will be supervised by a qualified, responsible official or company representative who is aware of the terms and conditions of the APD and specifications in the approved plans.
- k. All cut and fill slopes will be such that stability can be maintained for the life of the activity.
- l. All fills will be free from vegetative materials and will be compacted in lifts no greater than 12 inches in thickness to a minimum of 90 percent Proctor dry density sufficient to prevent excessive settling.
- m. If the well is productive, the working surface of the drill site will be surfaced with gravel to a depth sufficient to support anticipated loads throughout the life of the well.
- n. Diversion ditches will be constructed as necessary and practical around the well site to prevent surface waters from entering the well site area. Energy dissipating structures will be utilized to prevent excessive erosion at the outflow and trap any sediment produced from the raw slopes and prevent excessive erosion.
- o. A berm will be constructed around the perimeter of the site to contain all precipitation, spills, and other fluids from leaving the site. The berm will be 18 inches high, 12 inches wide at the top, and having a 1-1/2:1 side slopes. The site surface will be graded to drain to a low corner to avoid pit spillage during large storm events. The drainage pattern to be constructed can be modified for the site depending on site-specific conditions.
- p. The stockpiled topsoil (first 12 inches or maximum available) will be stored in a windrow on the uphill side of the location to prevent any possible contamination. All topsoil must be stripped from areas to be disturbed and stockpiled for reclamation in such a way as to prevent soil loss and contamination.
- q. Pits will remain fenced until site cleanup.
- r. The blooie line will be located: At least 100 feet from the well head.
- s. To minimize the amount of fugitive dust and spray escaping from the blooie pit water injection will be implemented

10. Plans for Restoration of the Surface:

DRY HOLE

- a. Rehabilitation of the entire site will be required and will commence immediately after the drilling is complete. The site will be restored as nearly practical to its original condition. Cut and fill slopes will be reduced and graded to conform to the adjacent terrain.
- b. Fluids in the reserve pit will be pumped off and hauled to an approved disposal source, or re-used at another drill site. The operator will attempt to reclaim the reserve pit prior to winter, or the following summer.

- c. Drainages will be reestablished and temporary measures will be required to prevent erosion to the site until vegetation is established.
- d. The abandonment marker will be one of the following, as specified by BLM and Forest Service:
  - 1) at least four feet above ground level,
  - 2) at restored ground level, or
  - 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, Well name and surveyed description (township, range, section and either quarter-quarter or footage).

- e. After final grading and before the replacement of topsoil, the entire surface of the site shall be scarified to eliminate slippage surfaces and to promote root penetration. Topsoil will then be spread over the site to achieve an approximate uniform, stable thickness consistent with the established contours.
- f. A temporary fence (let down fence) will be constructed around the drill site to prevent continued use until the required reclamation standards are successfully achieved. The fence will then be removed.
- g. In general, the disturbed areas will be considered adequately revegetated when at least 90 percent of the original ground cover is re-established over 90 percent of the seeded area, within three years of planting, consisting of seeded and desirable species. Maximum allowable non-noxious weeds is 10 percent of the total ground cover at any time. No noxious weeds will be allowed on the site; they must be treated as they occur. The operator is responsible for maintenance of reclamation facilities such as fences, barricades and temporary drainage structures until the desired reclaimed conditions are achieved. If the desired ground cover is not established at the end of each 3 year period, an analysis of why the areas has not recovered will be performed by the operator and additional treatment and seeding will be required based on the results of the analysis.
- h. Straw, hay, feed, or pellets used on the National Forests of Utah must be certified weed-free by the State of Utah.
- i. At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment.
- j. The well pad and access road will be reclaimed as per Forest Service. The operator will be informed of Forest Service requirements within 2 weeks following completion of the well to determine if the Forest Service can utilize the access road and/or well pad for recreational purposes. If the Forest Service agrees to take over the access and/or well pad, they also agree to take full responsibility for continued use and maintenance of the area and all liability associated with the same.

#### PRODUCING WELL

- a. Site reclamation for producing wells will be accomplished for portions of the site not required for the continued operation of the well. All disturbed surface will be treated to prevent erosion and to complement the esthetics of the area. A new site plan will be required encompassing the facilities required for operation and interim reclamation measures.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. Once the reserve pit is dry, the reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. Methods for drying the

pit, other than natural evaporation, are subject to prior Forest Service approval.

- c. Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.
- d. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.
- e. The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.
- f. At the end of drilling operations, drilling fluids will be hauled to an approved disposal site. All polluting substances or contaminated materials, such as oil, oil-saturated soils, and gravel, will be removed from the Forest.
- g. The cut and fill slopes and all other disturbed areas not needed for the production operation will be top soiled and revegetated. The berm will be removed and the drill site graded to drain.
- h. The stockpiled topsoil will be evenly distributed over the disturbed area.
- i. Prior to reseeded, all disturbed areas, including the access roads, will be scarified and left with a rough surface.
- j. The site will be seeded and/or planted as prescribed by the Forest Service. Nutrients and soil amendments will be applied to the redistributed surface soil later as necessary to meet the revegetation requirements. The Forest Service will assign the seed mix. Seed will be broadcast or drilled between Sept. and Nov., or at a time specified by the Forest Service. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

11. Surface and Mineral Ownership:

- a. Surface Ownership is USDA Forest Service under the management of the Manti-La Sal National Forest 599 Price River Drive, Price, Utah 84501 435-637-2817.
- b. Mineral Ownership is Bureau of Land Management – 82 East Dogwood Avenue, Moab, Utah 84532 435-259-2106.

12. Other Information:

- a. A Class III archeological survey was conducted by Montgomery Archaeological Consultants, No significant cultural resources were found and clearance has been recommended. A copy of this report (MOAC Report No. 01-180) was submitted on November 14, 2001 to the appropriate agencies by Montgomery Archaeological Consultants.
- b. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work that might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

- I. Whether the materials appear eligible for the National Register of Historic Places;

2. the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
3. a time frame for the AO to complete an expedited review under 36 CFR 800.111 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

- c. Buys & Associates conducted a Threatened and Endangered flora and fauna survey, No significant species were found and clearance has been recommended. A copy of this report has been submitted to the appropriate agencies by Buys & Associates.
- d. Talon Resources, Inc, conducted an aerial raptor survey, No significant nesting raptors species were found in the immediate area and clearance has been recommended. Talon Resources, Inc has submitted a copy of the produced maps to the appropriate agencies.
- e. Wildlife Seasonal Restrictions will be stipulated by the Forest Service biologist and the existing Forest EIS document.
- f. No off location Geophysical Testing will be completed as part of this project.
- g. No drainage crossings that require additional State or Federal approval are being crossed
- h. Fire suppression equipment must be available to all personnel on the project site. Equipment will include a minimum of one hand tool per crewmember consisting of shovels, pulaskis, and chainsaws and one properly rated fire extinguisher per vehicle an/ or internal combustion engine.
- i. The operator will be held responsible for damage and suppression costs for fires started as a result of operations. Fires must be reported to the Forest Service as soon as possible.
- j. All accidents or mishaps resulting in resource damage and/or serious personal injury must be reported to the Forest Service as soon as possible.
- k. Harassment of wildlife and livestock is prohibited.
- l. All merchantable timber removed or destroyed by construction or other project related activities will be purchased by the operator at fair market value. The Forest Service will conduct a timber cruise and appraisal after the final clearing limits have been staked. Slash burning will be conducted only at locations approved by the Forest Service under authorization or a burning permit



13. Lessee's or Operator's Representative and Certification

Dudley & Associates, LLC  
1776 Lincoln Street, Room 904  
Denver, Colorado 80203-1026

| <u>Title</u>                  | <u>Name</u>       | <u>Office Phone</u> |
|-------------------------------|-------------------|---------------------|
| Exploration Manager/Geologist | Tim T. Schowalter | 1-303-863-4482      |
| Operations Manager/COO/Eng.   | David B. Jensen   | 1-303-842-5671      |
| Drilling Consultant           | George B. Rooney  | 1-303-619-1908      |
| Permitting Consultant         | Don S. Hamilton   | 1-435-687-5310      |

**Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exists; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Dudley & Associates, LLC and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under Dudley & Associates, LLC pending BLM bond. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signature: Don Hamilton Date: 8-27-02

C. **REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS**

Required verbal notifications are summarized in Table 1, attached.

**Building Location** - Contact the Resource Area, Natural Resource Protection Specialist at least 24 hours prior to commencing construction of location.

**Spud** - The spud date will be reported to the Resource Area Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hold digger or big rig.

**Daily Drilling Reports** - Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

**Monthly Reports of Operations** - In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

**Sundry Notices** - There will be no deviation from the proposed drilling and/or workover program without prior approval from the Assistant District Manager. "Sundry Notices and Reports on Wells: (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

**Drilling suspensions** - Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

**Undesirable Events** - Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTLA.

**Cultural Resources** - If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

**First production** - Should the well be successfully completed for production, the Assistant District Manager, Minerals Division will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

**Well Completion Report** - Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analysis, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings and/or samples) will be submitted when requested by the Assistant District Manager.

Venting/Flaring of Gas - NTL-4A allows venting/flaring of gas during the initial well evaluation period not to exceed 30 days or 50 Mmcf. Venting/flaring beyond the initial test period threshold must be approved by the District Office.

Produced Water - Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted to the Assistant District Manager for approval.

Off-Lease Measurement, Storage, Commingling - Prior approval must be obtained from the Assistant District Manager for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment - If the well is completed as a dry hole, plugging instructions must be obtained from the BLM, Moab District Office prior to initiating plugging operations. Table 1 of this document provides the after-hours phone numbers of personnel who are authorized to give plugging instructions.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Assistant District Manager, Minerals Divisions within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

**TABLE 1**  
**NOTIFICATIONS**

Notify Carter Reed of the Manti-La Sal National Forest, at (435) 636-3547 and Mike Kaminski of the BLM – Price Office, at 435-636-3640 for the following:

2 days prior to commencement of dirt work construction or reclamation;

1 day prior to spudding

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOPE;

12 hours prior to reaching kickoff point depth (if applicable).

If the person at the above number cannot be reached, notify the Moab District Office at (435) 259-6111. If unsuccessful, notify one of the people listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (435) 259-6111. If approval is needed after work hours, you may contact the following:

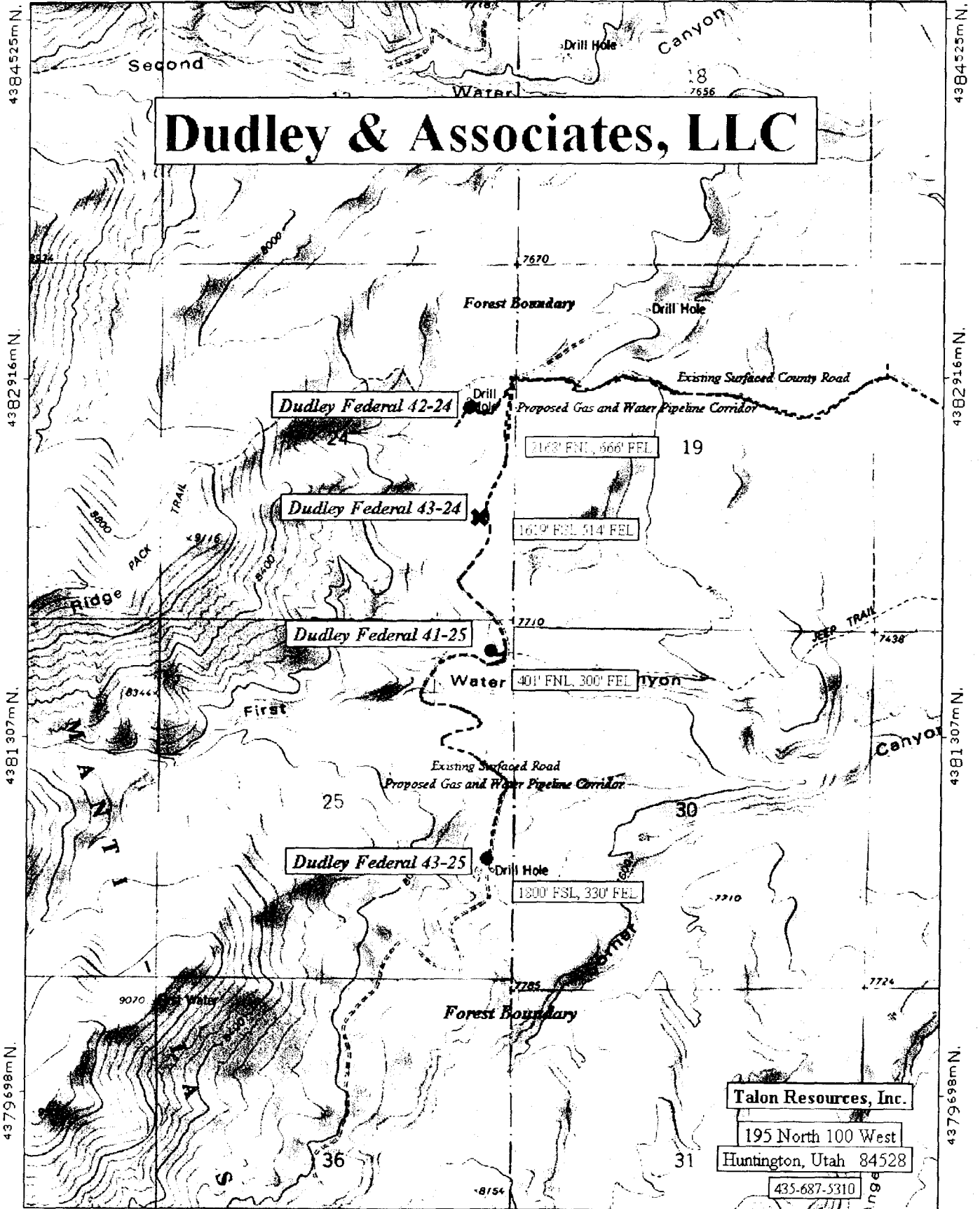
Eric Jones, Petroleum Engineer

Office: (435) 259-6111

Home: (435) 259-2214

492354m E.

WGS84 Zone 12S 493963m E.



**Talon Resources, Inc.**

195 North 100 West  
Huntington, Utah 84528

435-687-5310

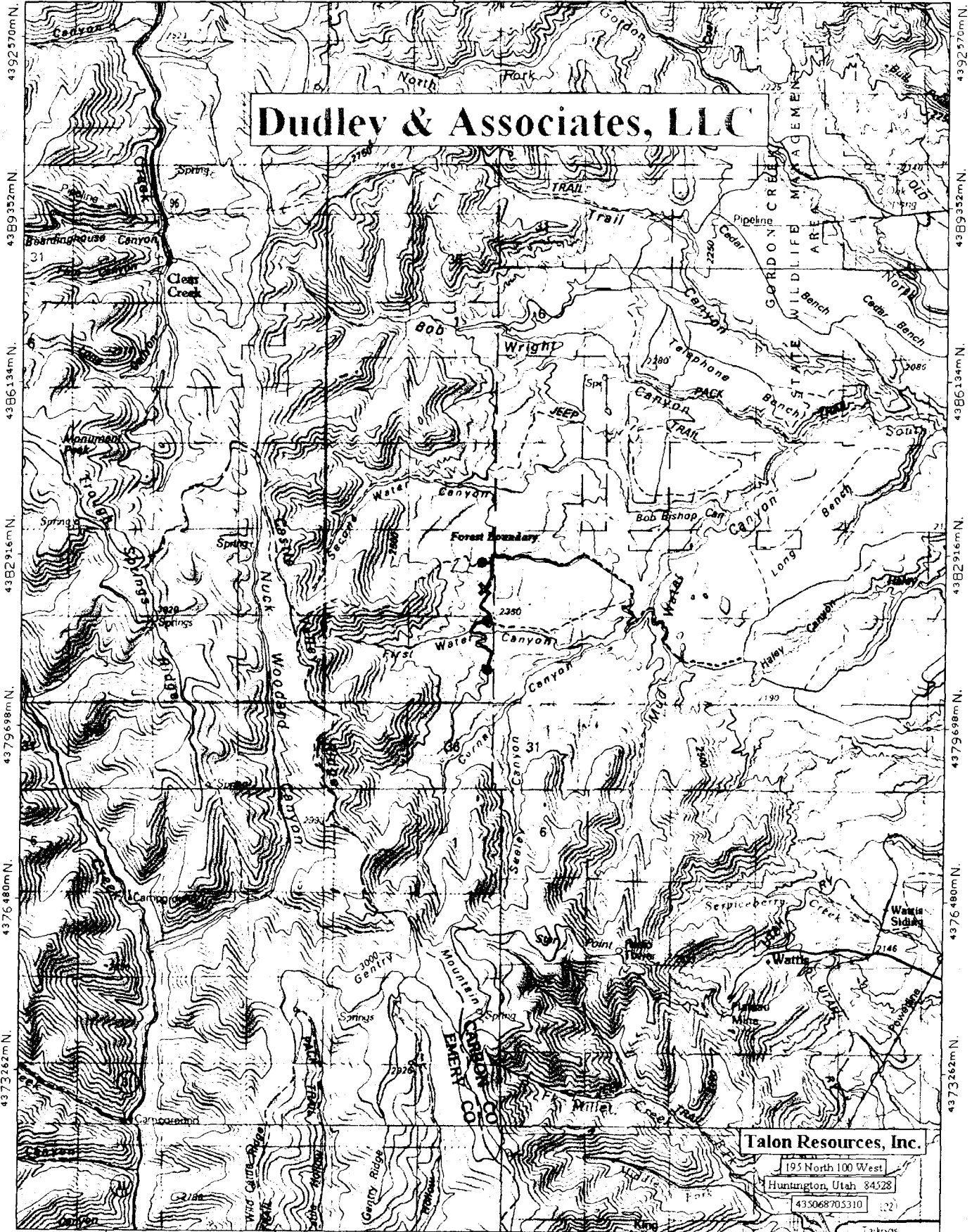
485918m E.

489136m E.

492354m E.

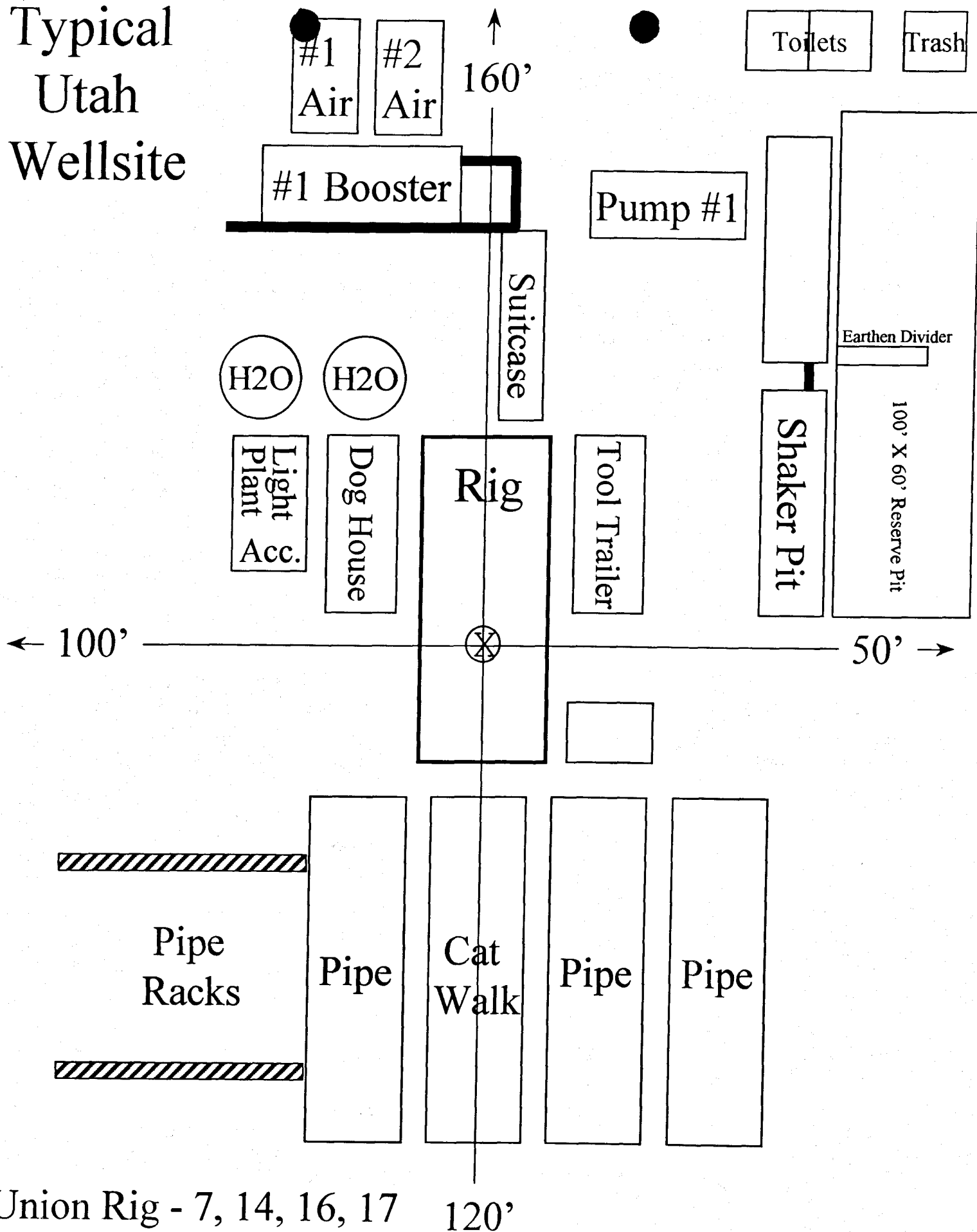
495572m E.

WGS84 Zone 12S 500399m E.



TN MN  
13°

# Typical Utah Wellsite

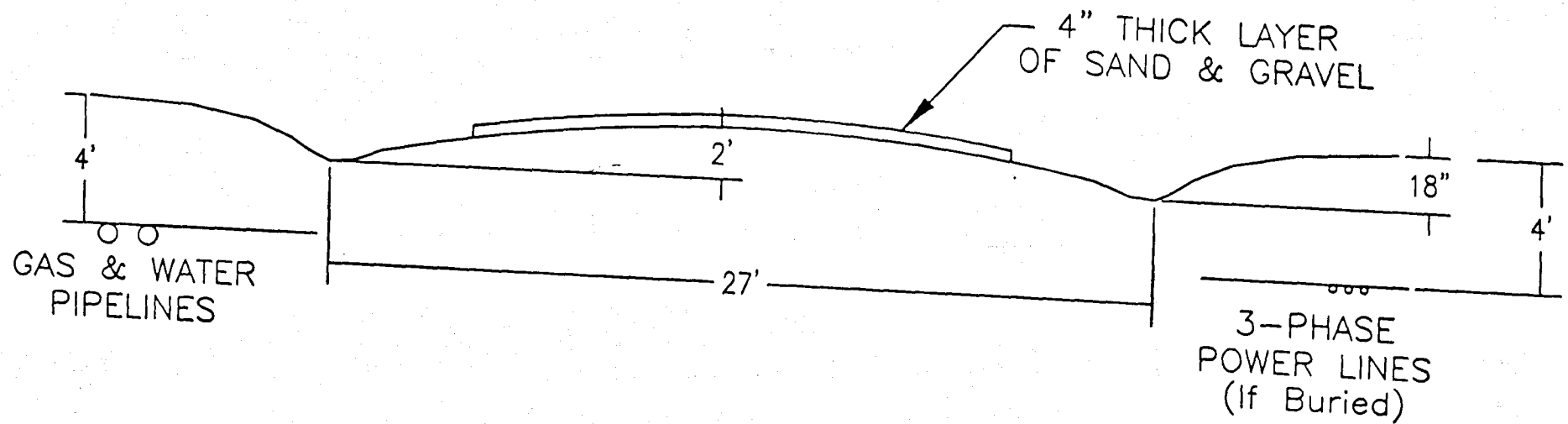


Union Rig - 7, 14, 16, 17 120'

Location Size - 280' L x 150' W ↓

EXHIBIT C

# TYPICAL ROAD CROSS-SECTION





# BOP Equipment

3000psi WP

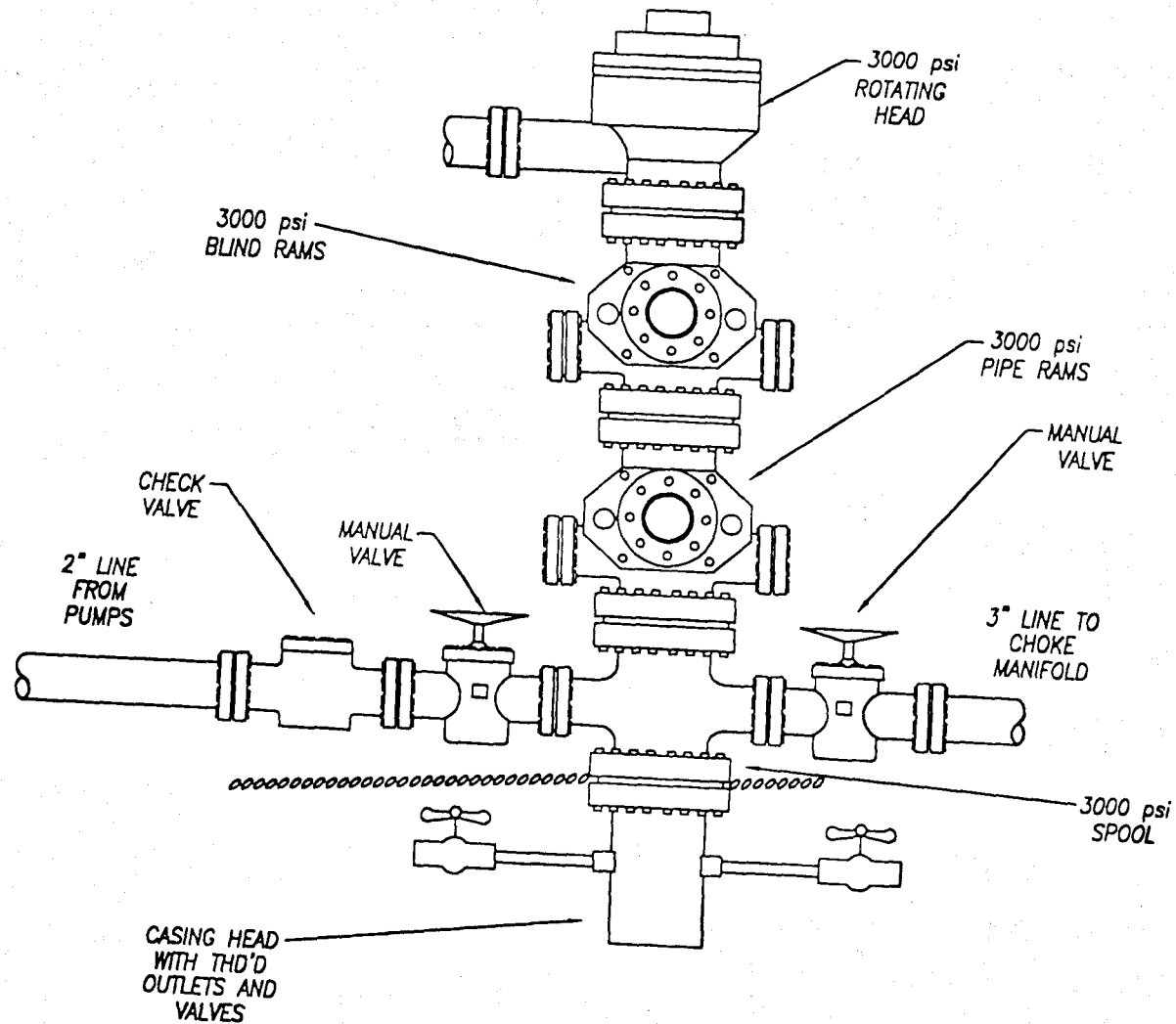
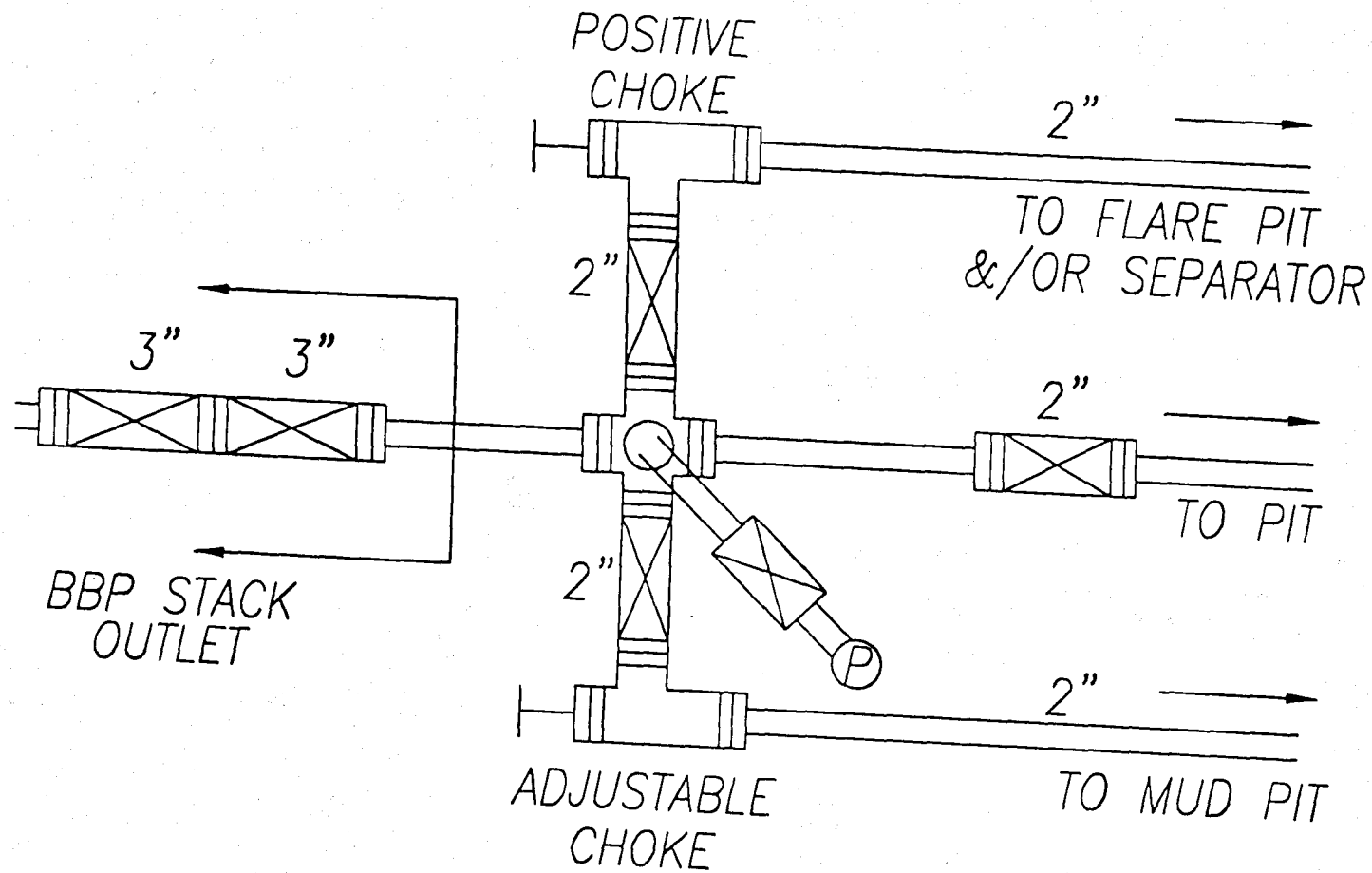


EXHIBIT "G"

# CHOKE MANIFOLD



006

WORKSHEET  
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/30/2002

API NO. ASSIGNED: 43-007-30877

WELL NAME: DUDLEY FED 43-24

OPERATOR: DUDLEY &amp; ASSOCIATES LLC ( N2235 )

CONTACT: DON HAMILTON/AGENT

PHONE NUMBER: 435-687-5310

## PROPOSED LOCATION:

NESE 24 140S 070E

SURFACE: 1619 FSL 0514 FEL

BOTTOM: 1619 FSL 0514 FEL

CARBON

GORDON CREEK ( 20 )

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-77371

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD

INSPECT LOCATN BY: / /

| Tech Review | Initials | Date |
|-------------|----------|------|
| Engineering |          |      |
| Geology     |          |      |
| Surface     |          |      |

LATITUDE: 39.59067

LONGITUDE: 111.08088

## RECEIVED AND/OR REVIEWED:

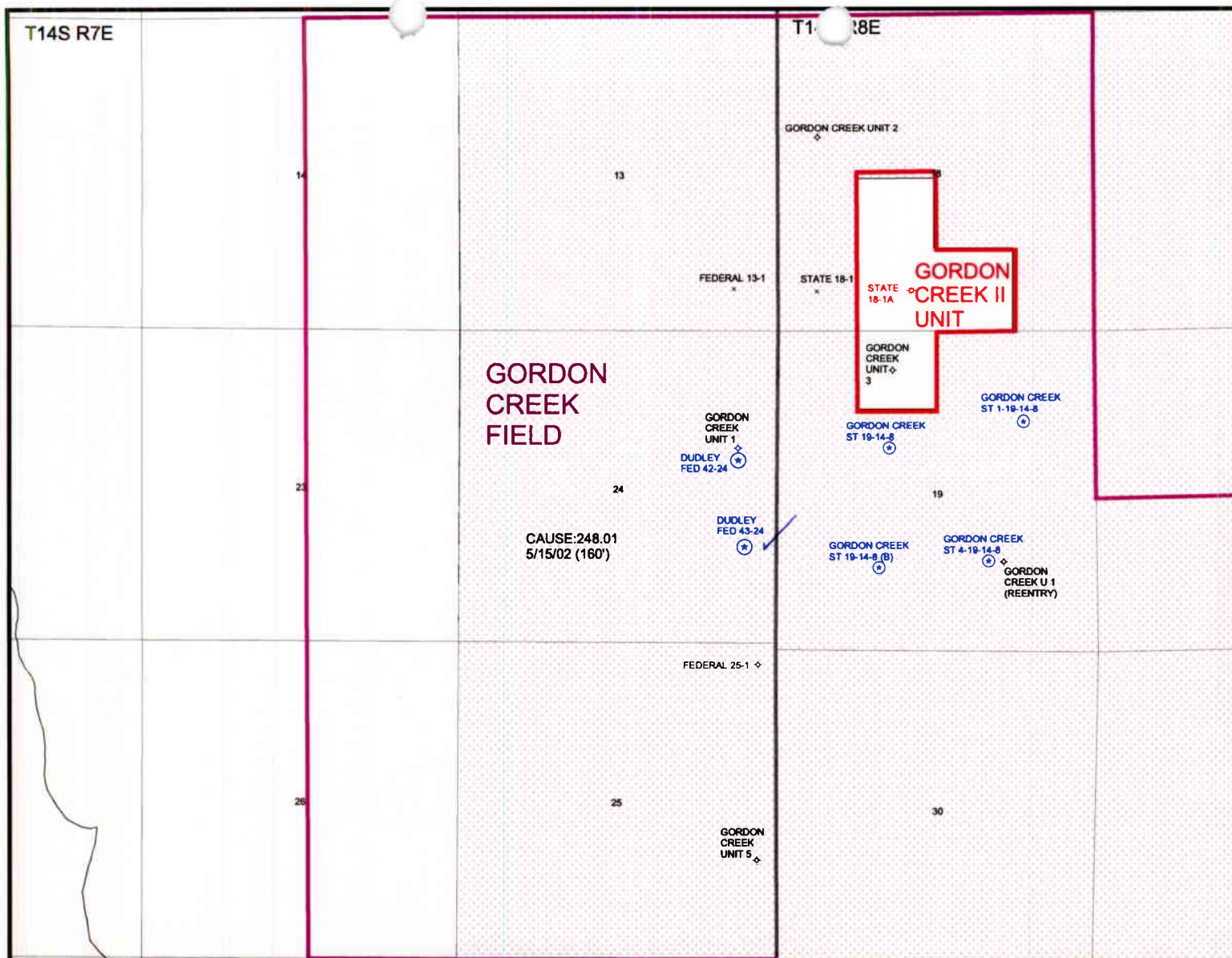
☒ Plat  
☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. 23954 )  
☒ Potash (Y/N)  
☒ Oil Shale 190-5 (B) or 190-3 or 190-13  
☒ Water Permit  
(No. MUNICIPAL )  
☒ RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )  
☒ Fee Surf Agreement (Y/N)

## LOCATION AND SITING:

\_\_\_\_ R649-2-3.  
Unit \_\_\_\_\_  
\_\_\_\_ R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells  
\_\_\_\_ R649-3-3. Exception  
☒ Drilling Unit  
Board Cause No: 248-01  
Eff Date: 5-15-02  
Siting: 440' from boundary E 920' fr  
Other wells.  
\_\_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: 1-federal approval

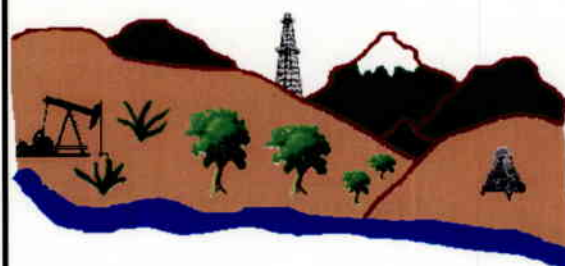


OPERATOR: DUDLEY & ASSOC (N2235)

SEC: 24 T14S R7E

FIELD: GORDON CREEK (20)

COUNTY: CARBON SPACING: 248-01



Utah Oil Gas and Mining

#### Well Status

- ✓ GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- ⊙ NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL

#### Units Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

#### Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- Sections.shp
- Township.shp
- Counties.shp



Prepared By: D. Mason  
Date: 3-SEPTEMBER-2002

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

004

**SUBMIT IN TRIPLICATE**

1. Type of Well

☐ Oil ☒ Gas ☐

2. Name of Operator

Dudley & Associates, LLC

3. Address and Telephone No.

1776 Lincoln St. Room 904, Denver, CO 80203-1026 303-861-0800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1619' FSL, 514' FEL  
NE/4 SE/4, Section 24, T14S, R7E, SLB&M

5. Lease Designation and Serial No.

UTU-77371

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Dudley Federal 43-24

9. API Well No.

43-007-30877

10. Field and Pool, or Exploratory Area

Gordon Creek

11. County or Parish, State

Carbon County, Utah

12. **CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION

- ☐ Notice of Intent  
☒ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- |   |  |
|---|--|
| <input type="checkbox"/> Change of Name                         | <input type="checkbox"/> Change of Plans         |
| <input type="checkbox"/> Recompletion                           | <input type="checkbox"/> New Construction        |
| <input type="checkbox"/> Plugging Back                          | <input type="checkbox"/> Non-Routine Fracturing  |
| <input type="checkbox"/> Casing Repair                          | <input type="checkbox"/> Water Shut-Off          |
| <input type="checkbox"/> Altering Casing                        | <input type="checkbox"/> Conversion to Injection |
| <input checked="" type="checkbox"/> Change to 2000 psi w.p. BOP | <input type="checkbox"/> Dispose Water           |

13. Describe Proposed or Completed Operations ( Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

A 2000 psi w.p. BOP stack will be utilized for the drilling of this well. Please replace all references to a 3000 psi w.p BOP stack with a 2000 psi w.p. BOP stack.

Please replace Exhibit "G" of the previously submitted APD with the attached updated Exhibit "G"

**RECEIVED**

SEP 09 2002

DIVISION OF  
OIL, GAS AND MINING

**FILE COPY**

14. I hereby certify that the foregoing is true and correct

Don Hamilton

Don Hamilton

Agent for Dudley

9-6-02

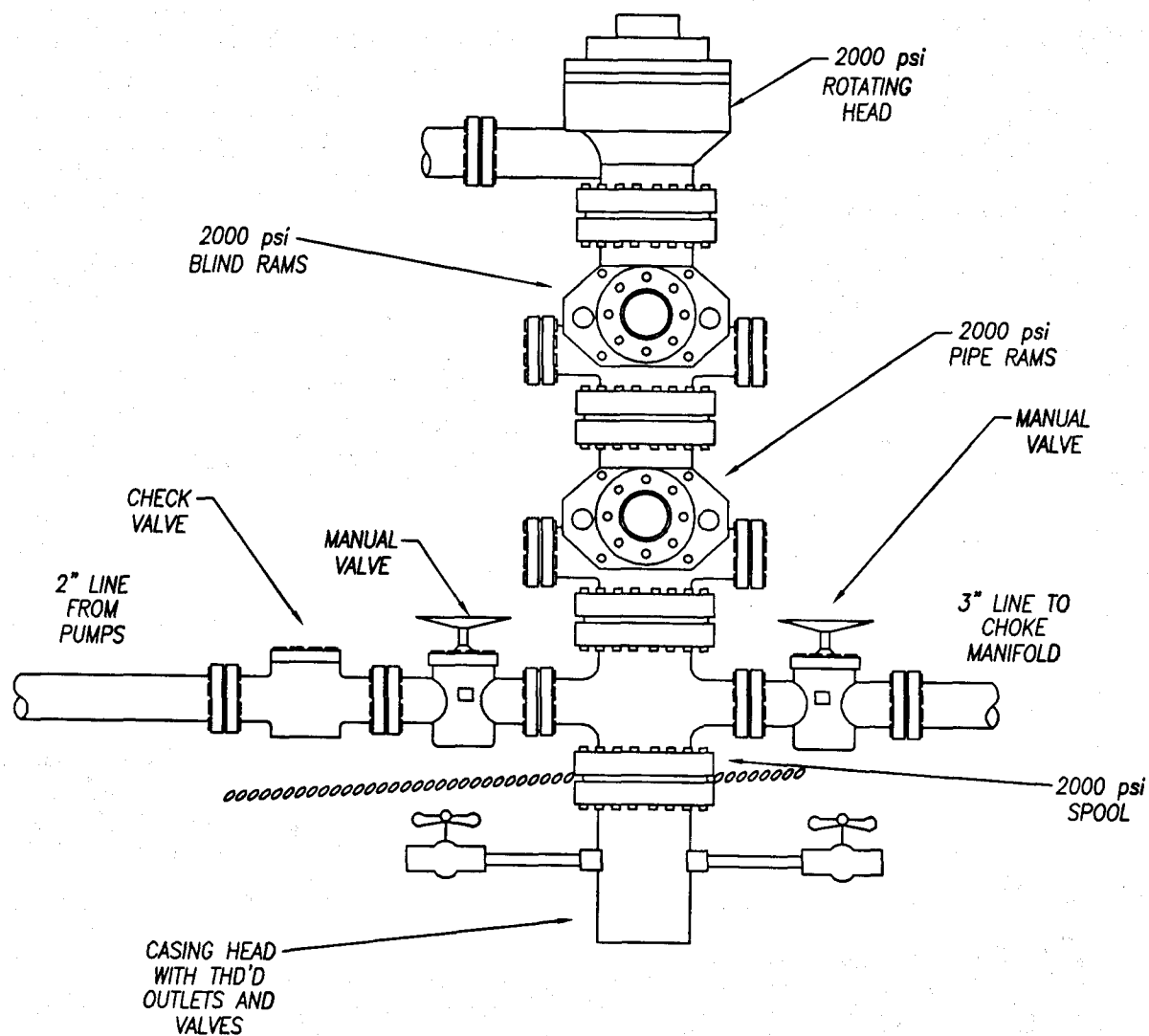
(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Conditions of approval, if any:

# BOP Equipment

2000psi WP



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

003

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well

☐ Oil ☒ Gas ☐

2. Name of Operator

Dudley & Associates, LLC

3. Address and Telephone No.

1776 Lincoln St. Room 904, Denver, CO 80203-1026 303-861-0800

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1619' FSL, 514' FEL  
NE/4 SE/4, Section 24, T14S, R7E, SLB&M

5. Lease Designation and Serial No.

UTU-77371

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

8. Well Name and No.

Dudley Federal 43-24

9. API Well No.

43-007-30877

10. Field and Pool, or Exploratory Area

Gordon Creek

11. County or Parish, State

Carbon County, Utah

12. **CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION                                    | TYPE OF ACTION  |  |
|---|---|--|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Change of Name                         | <input type="checkbox"/> Change of Plans         |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion                           | <input type="checkbox"/> New Construction        |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Plugging Back                          | <input type="checkbox"/> Non-Routine Fracturing  |
|   | <input type="checkbox"/> Casing Repair                          | <input type="checkbox"/> Water Shut-Off          |
|   | <input type="checkbox"/> Altering Casing                        | <input type="checkbox"/> Conversion to Injection |
|   | <input checked="" type="checkbox"/> Change to 2000 psi w.p. BOP | <input type="checkbox"/> Dispose Water           |

13. Describe Proposed or Completed Operations ( Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Attached are updated location layout sheets reflecting additions that were requested during the ID Team evaluation conducted on 9-30-02.

Please replace the respective location layout sheets of the previously submitted APD with the attached updated location layout sheets.

**FILE COPY**

14. I hereby certify that the foregoing is true and correct

Don Hamilton

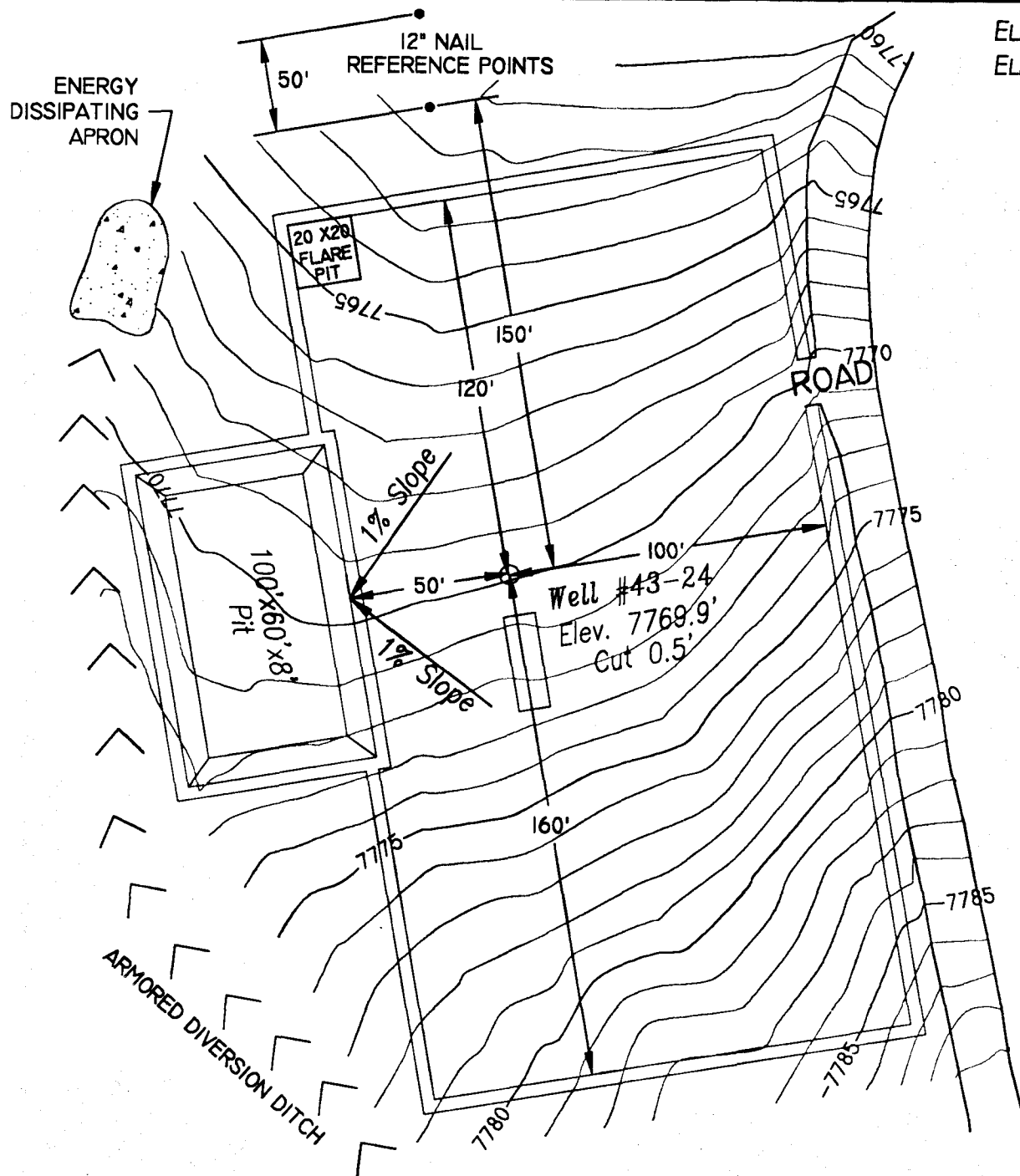
Don Hamilton

Agent for Dudley

10-16-02

(This space for Federal or State office use)

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_  
Conditions of approval, if any: \_\_\_\_\_



ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7769.9'  
ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7769.4'



**TALON RESOURCES, INC.**

Price - Huntington, Utah  
Phone (435) 637-6781 Fax (435) 636-8603  
E-Mail talonecastlenet.com

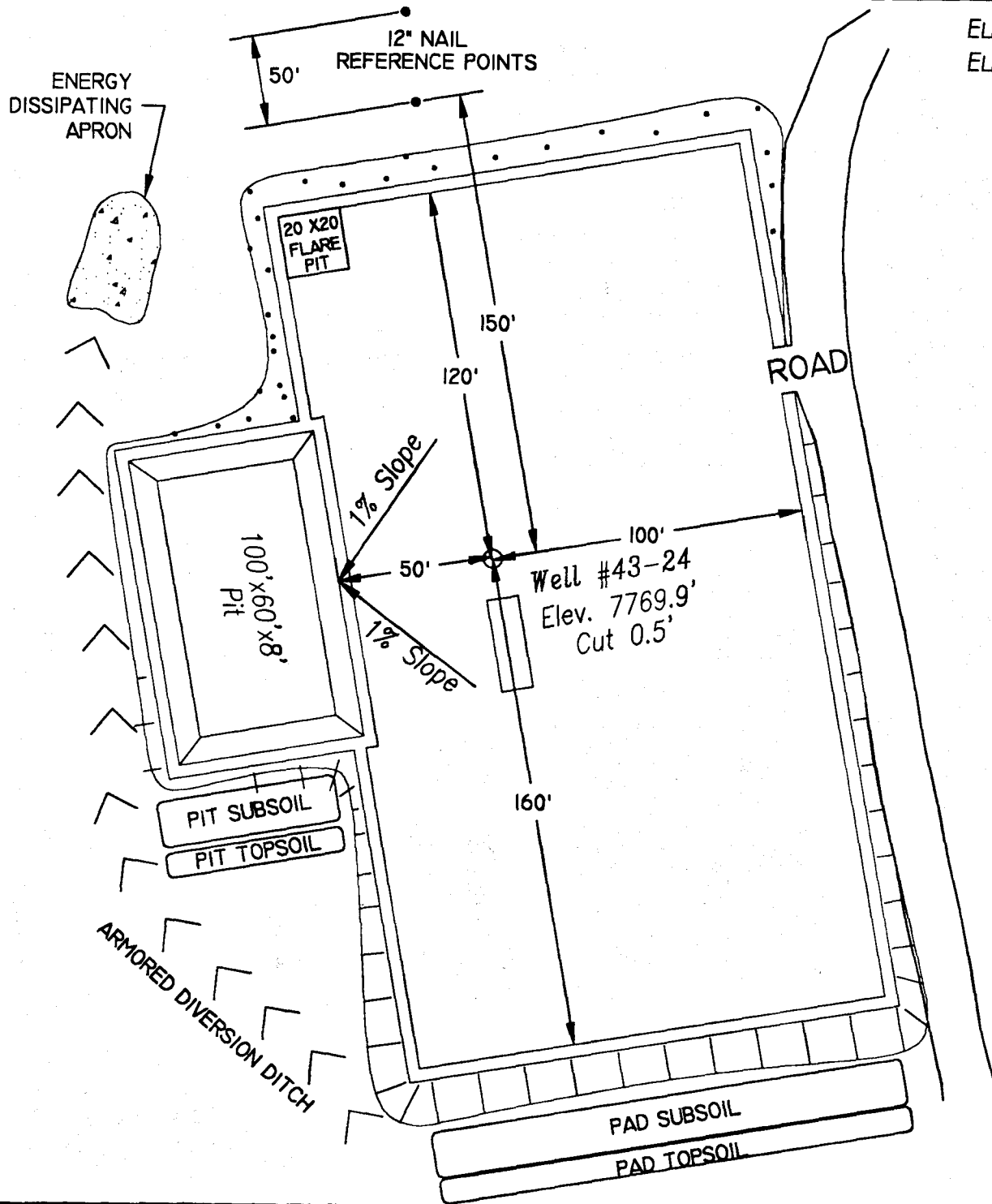
AS NEEDED  
NOTE: ROUND CORNERS

**DUDLEY & ASSOCIATES, LLC**  
**LOCATION LAYOUT**

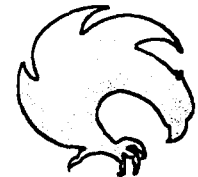
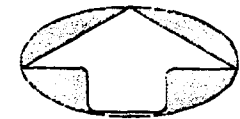
Section 24, T14S, R7E, S.L.B.&M.  
**WELL #43-24**

|                       |                       |
|-----------------------|-----------------------|
| Drawn By:<br>T. DAVIS | Checked By:<br>L.W.J. |
| Drawing No.<br>A-2    | Date:<br>8/21/02      |
|                       | Scale:<br>1" = 50'    |
| Sheet 2 of 4          | Job No.<br>732        |





ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 7769.9'  
ELEVATION OF GRADED GROUND AT LOCATION STAKE = 7769.4'



**TALON RESOURCES, INC.**

Price - Huntington, Utah  
Phone (435) 637-8781 Fax (435) 636-8603  
E-Mail talon@castnet.com

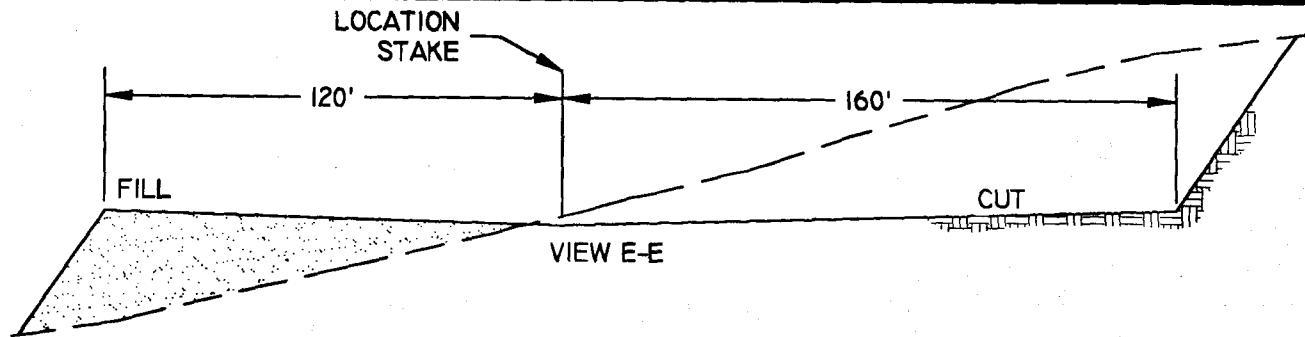
AS NEEDED  
NOTE: ROUND CORNERS

**DUDLEY & ASSOCIATES, LLC**  
LOCATION LAYOUT

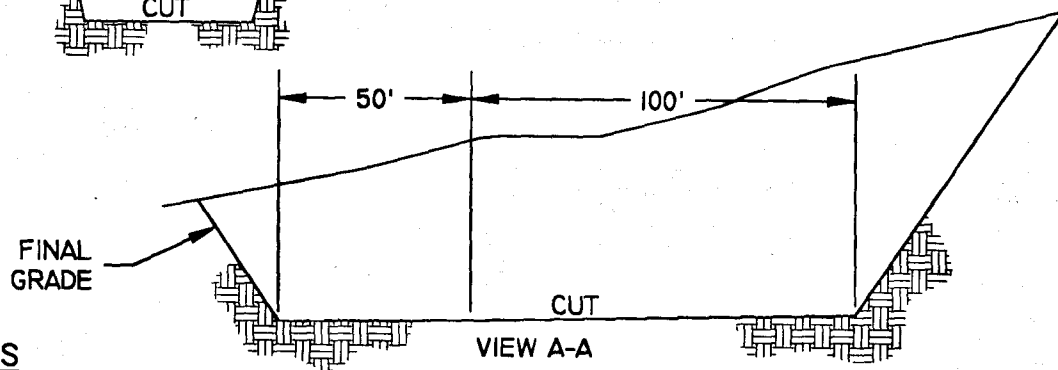
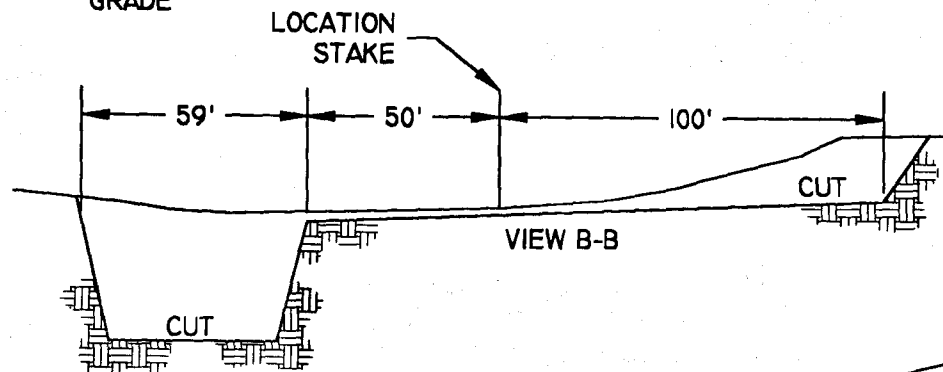
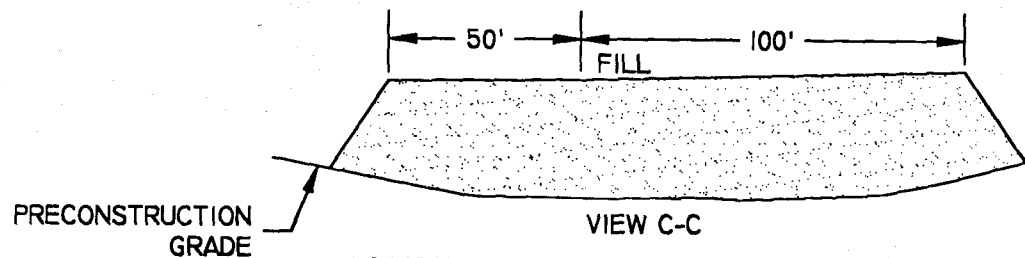
Section 24, T14S, R7E, S.L.B.&M.

**WELL #43-24**

|                       |                       |
|-----------------------|-----------------------|
| Drawn By:<br>T. DAVIS | Checked By:<br>L.W.J. |
| Drawing No.<br>A-2    | Date:<br>8/21/02      |
|                       | Scale:<br>1" = 50'    |
| Sheet 2 of 4          | Job No.<br>732        |



1" = 10'  
X-Section  
Scale  
1" = 40'



SLOPE = 1 1/2 : 1  
(EXCEPT PIT)  
PIT SLOPE = 1 : 1



**TALON RESOURCES, INC.**

Price - Huntington, Utah  
Phone (435) 637-8781 Fax (435) 636-8603  
E-Mail talon@castlenet.com

**DUDLEY & ASSOCIATES, LLC**

**TYPICAL CROSS SECTION**

**Section 24, T14S, R7E, S.L.B.&M.**

**WELL #43-24**

Drawn By:  
**T. DAVIS**

Checked By:  
**L.W.J.**

Drawing No.

Date:  
**10/9/02**

**C-1**

Scale:  
**1" = 50'**

Sheet **3** of **4**

Job No.  
**732**

**APPROXIMATE YARDAGES**

**CUT**

**(6") TOPSOIL STRIPPING = 750 CU. YDS.**

**REMAINING LOCATION = 6,760 CU. YDS.**

**TOTAL CUT = 8,475 CU. YDS.**

**TOTAL FILL = 2,595 CU. YDS.**



*Talon Resources, Inc.*

Service, Quality and Accuracy

P.O. Box 1230  
195 North 100 West  
Huntington, Utah 84528  
Phone: 435-637-5310

Cell: 435-650-1886  
Fax: 435-687-5311  
Email: talon@castlenet.com

October 16, 2002

Mr. Eric Jones  
Petroleum Engineer  
Bureau of Land Management  
82 East Dogwood  
Moab, Utah 84532

RE: Sundry Notices (Updated Location Layout Sheets)—Dudley & Associates, LLC  
**Dudley Federal 42-24**—2,168' FNL, 666' FEL  
**Dudley Federal 43-24**—1,619' FSL, 514' FEL  
Section 24, T14S, R7E, SLB&M, Carbon County, Utah

Dear Mr. Jones:

On behalf of Dudley & Associates, LLC, Talon Resources, Inc. respectfully submits the enclosed original and two copies of the *Sundry Notices* for two proposed federal well sites within the Gordon Creek area on lands managed by the Manti La-Sal Forest Service.

Thank you for your timely consideration of the enclosed applications. Please feel free to contact myself or Mr. Tim Schowalter of Dudley & Associates, LLC at 303-861-0800 if you have any questions or need additional information.

Sincerely,

*Don Hamilton*

Don Hamilton  
Agent for Dudley & Associates, LLC

Enclosures

cc: Mr. Mike Kaminski, BLM—Price Field Office  
Mr. Carter Reed, USDA Forest Service—Price SO  
Mr. Tom Lloyd, USDA Forest Service—Ferron DO  
Mrs. Diana Mason, Division of Oil, Gas and Mining  
Mr. Tim Schowalter, Dudley & Associates, LLC  
Mr. George Rooney, Dudley & Associates, LLC

**RECEIVED**

OCT 21 2002

DIVISION OF  
OIL, GAS AND MINING

December 12, 2002

Division of Oil, Gas & Mining  
1594 W. North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

ATTN: Diana Mason

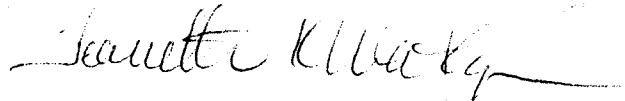
Re: Proof of bond posted with the BLM for gas wells to be drilled by Dudley & Associates, LLC in Carbon County, Utah

Dear Ms. Mason:

In accordance with instructions from Brad Hill, I am enclosing copies of the bond we have posted in favor of the BLM for certain gas wells we propose to drill in Carbon County, Utah.

Please let me know if you need any additional information.

Sincerely,



Jeanette K. Wotkins  
Land Manager and General Counsel

Enclosures

904 Denver Center Building  
1776 Lincoln Street  
Denver, Colorado 80203-1026

303 861 0800 main phone  
303 832 3735 fax  
info@dudley.com email

RECEIVED

DEC 16 2002

DIV. OF OIL, GAS & MINING



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340 telephone  
(801) 359-3940 fax  
(801) 538-7223 TTY  
www.nr.utah.gov

Michael O. Leavitt  
Governor

Robert L. Morgan  
Executive Director

Lowell P. Braxton  
Division Director

December 17, 2002

Dudley & Associates, LLC  
1776 Lincoln St., Room 904  
Denver, CO 80203-1026

Re: Dudley Federal 43-24 Well, 1619' FSL, 514' FEL, NE SE, Sec. 24, T. 14 South,  
R. 7 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30877.

Sincerely,

A handwritten signature in cursive script, reading 'John R. Baza'.  
John R. Baza  
Associate Director

pb

Enclosures

cc: Carbon County Assessor  
Bureau of Land Management, Moab District Office

**Operator:** Dudley & Associates, LLC  
**Well Name & Number** Dudley Federal 43-24  
**API Number:** 43-007-30877  
**Lease:** UTU-77371

**Location:** NE SE      **Sec.** 24      **T.** 14 South      **R.** 7 East

### **Conditions of Approval**

**1. General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**2. Notification Requirements**

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

**3. Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

**4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.**



United States  
Department of  
Agriculture

Forest  
Service

Manti-La Sal  
National Forest

Supervisor's Office  
599 West Price River Drive  
Price, UT 84501  
Phone # (435) 637-2817  
Fax # (435) 637-4940

016

File Code: 2820-2

Date: May 29, 2003

Dear Interested Party:

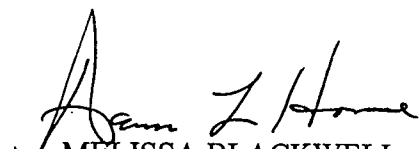
Enclosed is a Record of Decision (ROD) approving the Surface Plan of Operations, with conditions, for the Dudley & Associates, LLC Federal Nos. 42-24, 43-24, ~~41-25~~, and 43-25 Natural Gas Exploration/Production Wells on the Manti-La Sal National Forest. The ROD is based on the Final Environmental Impact Statement, Price Coalbed Methane Project, 1997 and the Ferron Natural Gas Project Final Environmental Impact Statement, 1999, as supplemented with the ROD and project file.

The proposed wells are located in the First Water and Second Water Canyon area about 14 miles west of Price, Utah (Sections 24 and 25, T. 14 S., R. 7 E., SLM, Emery County, Utah).

The decision is subject to appeal as described in Section X. (Administrative Review) in the ROD.

If you need additional information or would like to discuss the decision, contact Tom Lloyd (435-636-3596) or Carter Reed (435-636-3547).

Sincerely,

  
MELISSA BLACKWELL  
Acting Forest Supervisor

Enclosure

cc:  
D-2/3

RECEIVED

JUN 02 2003

DIV. OF OIL, GAS & MINING



Caring for the Land and Serving People

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# **Record of Decision**

**Dudley & Associates LLC  
Natural Gas Exploration/Development Project  
Federal Lease UTU-77371**

**based on  
Final Environmental Impact Statement  
Price Coalbed Methane Project, 1997  
and the  
Ferron Natural Gas Project  
Final Environmental Impact Statement, 1999**

**May 2003**

**Responsible Agency:**

**USDA Forest Service  
Intermountain Region**

**Responsible Official:**

**Melissa Blackwell  
Acting Forest Supervisor  
Manti-La Sal National Forest  
599 West Price River Drive  
Price, Utah 84501**

**Cooperating Agency:**

**Department of the Interior  
Bureau of Land Management  
Moab Field Office  
Moab, Utah 84532**

**Information Contact:**

**Tom Lloyd  
Team Leader  
Manti-La Sal National Forest  
Ferron-Price Ranger District  
115 West Canyon Road  
Ferron, Utah 84523  
435-636-3596**

**RECEIVED**

**JUN 02 2003**

**DIV. OF OIL, GAS & MINING**



## I. INTRODUCTION

### A. Proposed Action Overview

Talon Resources, Inc. (Talon) has submitted a Notice of Intent (NOI) and Application for Permit to Drill (APD) proposing to drill four gas exploration/production wells on behalf of the Denver based company, Dudley & Associates LLC. The general area of the proposed project is the First Water and Second Water Canyon area of the Manti-La Sal National Forest, about 14.5 miles west of Price, Utah just inside the Forest boundary (Attachment 1, Map 1) on Federal Oil and Gas Lease UTU-77371. The wells are located in Sections 24 and 25 T.14 S., R.7 E., Salt Lake Base Meridian.

Below is a list of the wells and characteristics of each proposed site:

- **Dudley Federal #42-24**, Location: NE  $\frac{1}{4}$  Sec 24 T.14 S., R. 7 E. Oil and gas well was previously drilled (early 1980). A new well would be offset from previously drilled well.
- **Dudley Federal #43-24**, Location: SE  $\frac{1}{4}$  Sec 24 T.14 S., R7E. The site would be a new disturbance. Vegetation is native sage bush, rabbit brush and grasses.
- **Dudley Federal #41-25 Re-entry**. Location: NE  $\frac{1}{4}$  Sec 25 T.14 S., R7E.; re-entry into a previously drilled well for work-over and completion. Access and pad reconstruction would be on the previously constructed site.
- **Dudley Federal #43-25**. Location: SE  $\frac{1}{4}$  Sec 25 T14 S, R 7 E. This is a new drill site. Vegetation is native sage bush, rabbit brush, grasses and oak brush.

BLM has evaluated the proposal and has determined it to be complete in accordance with the Federal BLM permitting regulations contained in 43 CFR 3102 and Forest Service regulations 36 CFR 228E 106.

Drilling would be accomplished by a mud rotary system. The estimated drilling depth would be 4,200 feet through the Ferron Sandstone where formation testing would be conducted to evaluate the economic recoverability of the gas reserves. Casing and cementing would be installed to protect potentially productive hydrocarbons, groundwater sources, lost circulation zones, and abnormal pressure zones. Surface casing will be tested to 2,000 psi. The area of disturbance for the drill pads would be approximate dimensions of 280 by 150 feet, plus the reserve pits area of 100 feet by 60 feet. Diversion ditches would be constructed around the drill pads to prevent surface waters from entering the drill pad area and to assure adequate drainage and sediment control.

A Surface Use Plan (SUPO) has been submitted with the proponent's APD. Primary Forest access to the project area would be the Bob Wright Canyon-Wiregrass Bench Road (County Road). Short access roads to each site would be needed from the Corner Canyon Road (Forest Service Road 50048). Dudley & Associates are requesting approval to upgrade the Forest Service road to FS specifications. All access roads would be improved and maintained to prevent erosion and safely accommodate public and project traffic. None of the wells or roads are located within Inventoried Roadless Areas (IRAs). The wells are shown relative to the Nuck-Woodward IRA that is located to the west of the project area in Attachment 1, Map 2.

If the proposed wells prove to be productive, the company would reclaim unneeded portions of drill pads. Underground utility lines would need to be constructed from existing facilities located off-Forest

to the Forest boundary, then follow the Forest road to each well site. The utilities would be designed and constructed to minimize surface disturbance. They would be placed under and/or directly adjacent to the Forest Service Road and pad access roads. Underground utilities lines would include a gas production pipeline, electrical power and de-water pipeline. Any disturbed areas other than the immediate well site would be stabilized and re-vegetated with an appropriate seed mixture to reduce erosion potential.

All water needed for drilling and construction would be obtained from the Price River Water Improvement District at off-Forest locations through a direct purchase.

If a dry well results, reclamation of the site would take place including draining and reclaiming the reserve pit, returning the disturbed area to approximate original contour, distribution of topsoil, fencing the drill site, and revegetation to specified standards.

The proposed wells are not considered to be coalbed methane development wells, even though the drilling and production facilities would be essentially the same. The coalbed methane wells produce gas directly from the laterally continuous coal seams in the Ferron Sandstone after water in the seams is pumped out, releasing the gas. Dudley's exploration drilling will evaluate the potential for gas derived from the Ferron Sandstone to be trapped in a confining geologic structure. If gas were found in recoverable quantities, it would be produced and marketed. Dudley does not anticipate production of large amounts of water as experienced in the adjacent coalbed methane wells.

#### **B. Purpose and Need**

Dudley's purpose and need is to assess the economic recoverability of potential gas reserves within their lease area and to produce and market natural gas as an energy source.

The Forest Service purpose and need is to evaluate the proposed and assure consistency with applicable laws, management direction prescribed in the Land and Resource Management Plan, Manti-La Sal National Forest (Forest Plan), and rights granted by the lease. Required decisions are discussed in the next section.

#### **C. Decisions to be Made**

The Forest Supervisor must decide whether or not to approve the SUPO and, if approved, with what provisions for the protection of National Forest resources. The BLM Moab Field Office Manager must decide whether or not to approve the APD that would authorize the drilling of the holes on lands involving Federal ownership (surface and oil and gas estates).

Authority for the required decisions is provided in the Minerals Leasing Act of 1920, as amended, the Federal Onshore Oil and Gas Leasing Reform Act of 1987 (FOOGLRA), and regulations contained in 43 CFR 3160 and 36 CFR 228(E).

#### **D. Environmental Analyses and Documents**

The project area lies directly adjacent to the project boundary for the Price Coalbed Methane Project (Attachment 1, Map 3). This Record of Decision is based on the analyses of effects documented in the

BLM Price Coalbed Methane Project FEIS, 1997 (PCBM FEIS) and the Final Environmental Impact Statement, Ferron Natural Gas Project FEIS, 1999 (FEIS FNGP)(See Attachment 1, Map 4). The FEIS FNGP discloses the cumulative effects of both projects. The Manti-La Sal National Forest has adopted the PCBM FEIS since it was determined that it meets the standards for an adequate statement under applicable regulations, the proposed action is substantially the same, and Forest Service comments and suggestions have been satisfied. The Manti-La Sal National Forest participated in preparation of the FEIS FNGP as a cooperating agency. Therefore, these documents were not recirculated in accordance with direction in 40 CFR 1506.3 and FSH 1909.15, Section 22.32 (Adoption). The PCBM FEIS and FEIS FNGP are available for review on the BLM Price Field Office website (<http://www.blm.gov/utah/price/>).

This ROD tiers to the Land and Resource Management Plan, Manti-La Sal National Forest, 1986, as amended. The Forest Plan was amended by the Summary and Record of Decision, Final Environmental Impact Statement for Oil and Gas Leasing on Lands Administered by the Manti-La Sal National Forest, January 12, 1993, and the Record of Decision and Record of Decision Modifying Specific Aspects of the January 12, 1993 Record of Decision, January 31, 1994.

The project lies within the RNG (Range) Management Area designated under the Forest Plan. Management emphasis is on the use or its rehabilitation, emphasizing rangeland maintenance or enhancement.

## II. SUMMARY OF PUBLIC INVOLVEMENT

Project scoping relative to Price Coalbed Methane Project was conducted during in late 1994. An internal scoping meeting was attended by personnel from the BLM, Manti-La Sal National Forest, Utah Division of Wildlife Resources and Carbon County on September 15, 1994. Scoping for the FEIS FNGP was conducted in February 1997.

Project scoping for the wells proposed by Dudley was conducted in accordance with the project-specific Public Involvement Plan approved by the Forest Supervisor (project file). Scoping consisted of listing the project in the Manti-La Sal National Forest *Schedule of Proposed Actions* that was sent to numerous individuals and organizations on a quarterly bases and included on the Forest's Internet Website. Project-specific scoping letters were sent to 43 individuals and organizations on January 27, 2003. The individuals and organizations to whom letters were mailed include: Federal, State, and local governmental and land management agencies; environmental and interest groups, businesses; range permittees; and others known to be potentially interested or affected. Requests for Comment were published in the *Sun Advocate* of Price, Utah (Publication of Record) on January 28, and 30, 2003, the *Richfield Reaper* (supplemental publication) on January 29, 2003, and the *Emery County Progress* (supplemental publication) on January 28, 2003. Five letters were received in response to scoping. Comments from the letters with Forest Service responses are included (Attachment 3). The letters can be found in the Project Record.

No new issues requiring detailed evaluation were identified as a result of this scoping effort. The issues identified through this effort are already addressed in the FEIS FNGP. The identified issues are listed and discussed below.

### **III. ISSUES/SUMMARY OF REFERENCED ENVIRONMENTAL ANALYSES**

A Forest Service Interdisciplinary Team evaluated comment letters and Forest Plan direction and defined issues to be evaluated. Project-specific scoping and analysis did not define any issues not previously addressed in the FEIS FNGP. Comments received in the 5 scoping responses include erosion, sensitive plants, wildlife habitat, water quality, cultural resources, flaring, traffic, noise, visual quality, impacts to wildlife, and effects to roadless character. All but the roadless comment were evaluated as issues. These issues are discussed in the next section and are addressed in the FEIS, PCBM and FEIS FNGP. In addition, they are addressed in the stipulations in Attachment 2.

A Class III archeological survey was conducted by Senco-Phenix Archaeological Consultants. Buys & Associates made a threatened and endangered flora and fauna survey, while Talon Resources, Inc. conducted an aerial raptor survey.

Physical changes to the land include construction of 4 drill pad sites (1.5 acres/site), plus pad access roads (1.0 acres), and additional disturbance for reconstruction of the Corner Canyon Road and Bob Wright Canyon-Wiregrass Bench County Road (6.8 acres) equaling a total surface disturbance of less than 20 acres.

The total cumulative surface disturbance anticipated in the FEIS FNGP for 1,779 wells with roads and other facilities are 6,812 acres. Effectively the number of wells drilled to date is 781 (Email from Don Stanley, Utah Division of Oil, Gas and Mining, April 22, 2003). The amount of disturbance predicted, including the 4 proposed Dudley wells, is substantially less than predicted and analyzed in the FEIS FNGP. This is attributed to some areas or the fields proving to be less productive than predicted and plans by several participating companies to pursue directional and horizontal drilling (2 or more wells from a single drill pad) that could result in the construction of fewer pads (Personal communication with Don Stevens BLM, Price Field Office, May 27, 2003).

#### **A. Issues Identified for the Proposed Action**

The following described issues were identified through consideration of public comments and agency concerns. Issues were formulated considering the proposed action and cumulative activities in the area.

#### **Wildlife**

##### **Construction, operations, traffic, and associated noise could affect raptors and wintering big game.**

This issue was evaluated in the FEIS PCBM (Direct and Indirect Effects) and FEIS FNGP (Cumulative Effects). The cumulative effects are disclosed in the FEIS FNGP, pages 5-19 through 5-21.

Monitoring of wildlife populations by UDWR (Utah Division of Wildlife Resources) in the project areas indicates that elk populations are stable, but deer populations are down from historic numbers. This downward trend is thought to be due to a combination of the current

drought and habitat changes. However, the current 5-year drought is thought to be the dominant factor in this decline (personal communications with Derris Jones, UDWR, 2003).

Raptor monitoring required as mitigations and conducted by UDWR has indicated that there has been a decline in nesting activity. Data indicates that the dominant factor for this decline is the current 5-year drought (personal communication with Tony Wright, UDWR, 5/28/03).

Other references include the project (Dudley Wells) specific Biological Evaluation and Biological Assessment, 2003 and Wildlife Resources Report, 2003 (project file).

Dudley is required to participate in current monitoring programs for determining effects from the adjacent field development and to participate in the established mitigation programs.

Improvement (reconstruction) of access roads could lead to increased project and public traffic and OHV (off-highway vehicle) use, causing additional disturbance to raptors and big game.

See discussion above.

The requirements that construction and drilling activities not take place during the critical winter range use period of December 1 through April 15 mitigates the effects associated with intense human activity and noise. In addition, this requirement in Stipulation 32, Attachment 2, regarding restricted use of the area would minimize overall use and activity in the proposed project area.

#### Recreation/Vegetation/Soil Erosion

Improvement of the Bob Wright Canyon-Wiregrass Bench Road (County Road) and Corner Canyon Road (Forest Service Road 50048) could provide better access to the Castle Valley Ridge Trail System (Accessed by the North Fork Corner Canyon Trailhead and Second Water Trailhead) resulting in increased use/decreased solitude, and vegetation damage.

The issue of increased use is not confined to the Castle Valley Ridge Trail System and is addressed from a cumulative standpoint in the FEIS FNGP, Page 5-23. Increased demand for recreational opportunities is the largest factor affecting use. Only a portion of the access to the trailhead at the North Fork of Corner Canyon would be improved. Approximately 1 mile of the Corner Canyon Road would remain unaffected between the southernmost well (Dudley Federal 43-21 Well) and the trailhead. In addition, the Corner Canyon Road to the north or the intersection with the Bob Wright-Wiregrass Bench Road that leads to the Second Water Trailhead would remain unaffected.

Disturbance to vegetation is considered in the FEIS FNGP, Pages 5-18 and 5-19.

Predicted disturbances included reopening of the DesBeeDove Coal Mine which did not occur. The land disturbances relative to this mine are currently being reclaimed while sediment control facilities are left to the last stage of reclamation after the other reclaimed areas meet revegetation

and ground cover standards. The overall cumulative surface disturbances would be less than predicted.

### **Air Quality**

Increased traffic on the Bob Wright Canyon-Wiregrass Bench Road (County Road) and Corner Canyon Road (Forest Service Road 50048) could increase fugitive dust and lead to degradation of air quality.

Cumulative effects to air quality are addressed in the FEIS FNGP, Pages 5-13 through 5-17.

The operator will be required to take appropriate measures to prevent excessive fugitive dust emissions from use of the Corner Canyon Road and project roads (Stipulation 35, Attachment 2).

### **Visual Quality**

Construction, drilling (facilities and gas flaring), well operations, and ground disturbance would decrease visual quality in the area.

The Forest Plan Visual Quality Objective for the proposed project area is Modification. Man's activities can be dominant in the landscape. The proposed action is consistent with the visual quality objective.

The cumulative effects to visual quality are addressed in the FEIS FNGP, Pages 5-24 and 5-25.

### **Social and Economic Effects**

Operations would cause economic benefits but could stress existing community infrastructures, and decrease the quality of life

Cumulative effects are discussed in the FEIS FNGP, pages 5-26 through 5-32.

## **B. Issues Considered, but Dismissed From Further Analysis**

### **Roadless**

Reconstruction of the Corner Canyon Road, and construction of the drill pads and access roads could diminish the roadless character of the Nuck-Woodward Inventoried Roadless Area

The UEC (Utah Environmental Congress) was concerned about the project being next to the Nuck Woodward IRA (Inventoried Roadless Area) and being included within the UEC's roadless boundaries. The drill pads lie adjacent to the Corner Canyon Road just outside of the boundaries of the IRA. It appears that this area was specifically excluded from the roadless area because of several spur roads used for dispersed camping and road leading to the old drill hole (to be re-entered for Dudley Federal 42-24). None of the proposed project roads or drill pads would intrude into the IRA.

### **Soil Erosion/Water Quality**

**Reconstruction of the Corner Canyon Road and construction/operation of the drill pads and pad access roads would result in removal of vegetation, and cause soil erosion.**

Portions of the Corner Canyon Road, not already gravel surfaced, are not well drained, receive heavy use, and become badly rutted causing erosion and soil loss in the area. Reconstruction of the road, with proper drainage, gravel surfacing, and dust control measures, would decrease the current problem.

Pads and pad access roads were proposed by Dudley with drainage and sediment controls in accordance with best management practices. In addition, Dudley will be required to reestablish vegetation on disturbed areas, including road disturbances.

The effects to soils and erosion would be negligible.

Soil Erosion and Water Quality are discussed cumulatively in the FEIS FNGP on pages 5-17 and 5-18 (Soils) and pages 5-11 and 5-12 (Water Quality).

### **Vegetation/Noxious Weeds**

**Road reconstruction and construction of the pads and access roads would remove vegetation and allow introduction/invasion of the disturbed areas and adjacent areas by noxious weeds**

The SUPO and additional required mitigations (Attachment 2) require that equipment and vehicles be cleared of mud and debris prior to entering National Forest System lands to prevent introduction of noxious weed seeds from other areas. All sediment control facilities such as straw bales, silt fences, must be free of noxious weeds/seeds. The operator is required to remove any noxious weeds on the sites to be disturbed prior to construction to prevent spreading of seeds, and to control all noxious weeds during operations and reclamation efforts.

The potential for noxious weed introduction and spreading beyond current levels is negligible.

Effects to vegetation from a cumulative effects standpoint are discussed in the FEIS FNGP, pages 5-18 and 5-19.

### **Threatened, Endangered, Candidate, and Sensitive Species**

**Construction and operations could affect Threatened, Endangered, Candidate, and Sensitive Plant and Animal Species**

Surveys of the area have been conducted and it was determined that the proposed project is not likely to affect Threatened or Endangered Species and is not likely to contribute to a trend toward Federal listing of Candidate, or Sensitive Species (Biological Evaluation/Biological Assessment, project file).

Cumulative effects are discussed in the FEIS FNGP, pages 5-20 and 5-21.

### **Cultural, Historic, and Paleontological Resources**

#### **Construction of facilities could damage cultural, historic, and paleontological resources**

Surveys have been completed and it has been determined that there are no significant cultural, historic, or paleontological resources in the areas to be disturbed. Therefore, the potential for effects is negligible.

In the event that such resources are unearthed during excavation, the operator is required to cease operations and notify the Forest Service. A determination of significance and resource protection measures would be completed prior to allowing operations to continue.

Cumulative effects to cultural resources are discussed in the FEIS FNGP, pages 5-21 and 5-22.

## **IV. ALTERNATIVES**

This section describes the alternatives that were evaluated in detail in the analysis and other alternatives that were dismissed from further evaluation. The alternatives that were evaluated in detail are described. In addition, there is a discussion of how they correspond to the alternatives evaluated in the FEIS FNGP.

### **A. Alternatives Evaluated in Detail**

Alternative 1 - No Action Alternative - Under this alternative the Forest Supervisor, Manti-La Sal National Forest, would not consent to approval of the SUPOs currently proposed in the APDs.

Under this alternative, development of the coalbed methane fields would continue as approved in the BLM Records of Decision, 1999, for the Ferron Natural Gas Project and as analyzed in the FEIS (Alternative 2 - Proposed Action with Additional Environmental Protection Measures). The difference is that the 4 wells proposed by Dudley would not be drilled on National Forest System lands.

This alternative would not be consistent with the purpose and need or rights granted by the existing oil and gas lease.

Alternative 2 – Consent to the proposed APDs With Stipulations to Protect Non-Mineral Interests and Minimize Environmental Effects - Under this alternative, the Forest Supervisor, Manti-La Sal National Forest, would consent to approval of the SUPO with stipulations (Attachment # 2) that would ensure consistency with Forest Plan direction and minimize effects.

This alternative corresponds to Alternative 2 (Alternative 2 - Proposed Action with Additional Environmental Protection Measures) analyzed in the Ferron Natural Gas Project FEIS. The number of wells analyzed in the FEIS FNGP would remain the same, including the Dudley wells, since fewer wells are likely to be drilled than originally predicted in that analysis. The current trend in drilling indicates that fewer drill pads may be constructed than originally anticipated because some areas have not proven



to be as productive as originally anticipated, and a trend toward direction and horizontal drilling, where more than one well can be drilled from a single pad (See Section III for further discussion).

This alternative is consistent with Forest Plan direction and rights granted by the lease.

#### **B. Alternatives Dismissed from Further Evaluation**

The proposed site locations were evaluated by the Interdisciplinary Team and Dudley during the field reviews. Dudley proposed the most advantageous sites in the Surface Use Plans of Operations. Other sites were evaluated, but the current proposed locations were considered to be the most suitable locations considering Forest Plan direction to minimize effects and meet the drilling objectives. Therefore, no additional alternative pad locations were evaluated in detail.

Alternative routes for the placement of pipelines, and powerlines were also evaluated by the team. Placing these facilities in or directly adjacent to the roadway as proposed by Dudley would minimize disturbance and related effects. Therefore, no other locations were evaluated in detail.

### **V. THE DECISIONS**

After careful review of the public comments, the analysis disclosed in the Forest Plan FEIS, the PCBM EIS, in the cumulative effects analysis in the FEIS FNGP, and project file, I have selected Alternative 2 (Current Proposal with Mitigations). Under this alternative, I consent to approval of the Dudley & Associates LLC gas exploration project with mitigations (Attachment 2). I have decided to waive the Timing Limitation Stipulation on the lease regarding big-game calving and fawning (May 1 through July 5) because it was determined that the project area is not important calving and fawning habitat. ✓

I did not select Alternative 1 (No Action) because it would not be consistent with the purpose and need, Forest Plan direction, or rights granted by the lease.

### **VI. REASONS FOR DECISION**

After reviewing the FEIS PCBM and analysis of cumulative effects in the FEIS FNGP, and examining the issues specific to this proposal, I believe that the Selected Alternative provides a reasonable balance between meeting the Nation's energy needs/National Energy Policy, providing socioeconomic benefits to local communities, State of Utah, and United States, and managing natural resources on National Forest System lands. With required monitoring and mitigation of effects described in Attachment 2, I believe that Forest Plan direction can be achieved, the potential benefits of energy production and development can be pursued, and the effects would be consistent with those evaluated in the PCBM FEIS and FEIS FNGP.

My decision is consistent with Forest Plan direction and other laws as presented in the following sections.

## **A. Meeting the Purpose and Need of the Proposal**

My decision will be consistent with the purpose and need as identified in the PCBM EIS (Pages 1-1) regarding coal bed methane development potential. It is consistent with the rights granted by the lease and Forest Plan direction for management of other resource values.

## **B. Forest Plan Direction**

### Forestwide Direction, Leaseable Minerals

Forest Plan, Page III-35, Minerals Management Leaseable (01) "Negative recommendations, denials, or consent for leasing, permitting, or licensing will be based on site specific environmental assessments using appropriate standards and guidelines. Stipulations for these activities should minimize and/or mitigate effects or conflicts with other resource uses and should return disturbed lands to conditions compatible with the emphasis of the management unit or adjacent management unit."

I have decided to consent to the current proposal to allow gas exploration subject to mitigations prescribed in Attachment 2 needed to mitigate the effects consistent with management emphasis for the affected management units. The mitigations in combination with Federal Regulations for permitting exploration (343CFR3102, 36 CFR 228E 106, and Appendix A) provide for management consistent with emphasis for individual Forest Plan Management Units.

Alternative 1 (No Action) would not be consistent with Forest Plan direction. Alternative 2 (Consent to the proposed APDs With Stipulations to Protect Non-Mineral Interests and Minimize Environmental Effects), the selected alternative would be consistent with this direction.

### Management Unit Direction

#### **RNG (Range) Management Unit**

Emphasis is on production of forage and cover for domestic livestock and wildlife.

Management Unit Direction, Minerals Management General (G00), Forest Plan Page III-66:

01 Provide appropriate mitigation measures to assure continued livestock access and use.

02 Those authorized to conduct developments will be required to replace losses through appropriate mitigations, where site-specific development adversely affects long-term production or management.

Alternative 2, the selected alternative, is consistent with this direction since provisions of the SUPO and additional requirements for approval of the SUPO would provide adequate mitigation.

## **VII. Findings Required by Other Laws and Regulations**

After consideration of the environmental consequences, I have determined that the Selected Alternative (Alternatives 2) is consistent with other laws and regulations, as outlined in the PCBM FEIS, FEIS FNGP, and this decision document.

### **A. Consistency with National Forest Management Act/Forest Plan Direction**

The Selected Alternative is consistent with the National Forest Management Act (NFMA) of 1976 in meeting the management requirements detailed in implementing regulations of 43 CFR 3102, 43 CFR 228E 106 (and Appendix A), and conditions of consent (Attachment 2) provide for minimizing effects to soil, water, air, wildlife, and other multiple uses.

Regulations and Requirements - All resource plans are to be consistent with the Forest Plan [16 U.S.C. 1604 (i)]. The Forest Plan guides all natural resource management activities [36 Code of Federal Regulations (CFR) 219.1 (b)]. All administrative activities affecting the National Forest must be based on the Forest Plan [36 CFR 219.10 (e)].

The Forest Plan also known as the LRMP, was approved on November 5, 1986. The Forest Plan provides for the overall guidance for management activities by specifying goals and objectives, desired future conditions, management direction, and standards and guidelines.

The features of the Selected Alternative have been evaluated for consistency with the Forest Plan (See Section VI.B.) and consideration of cumulative effects in the FEIS FNGP, and I have determined that the Selected Alternative is in compliance with the Forest Plan. No Forest Plan amendments will be needed to implement this project.

### **B. Consistency with Other Laws and Regulations**

**Clean Water Act** - The Clean Water Act requires each State to implement its own water quality standards. The State of Utah's Water Quality Antidegradation Policy requires maintenance of water quality to protect existing instream beneficial uses on streams designated as Category 1 High Quality Waters. All surface waters geographically located within the outer boundaries of the Manti-La Sal National Forest, whether on private or public lands are designated as High Quality Waters (Category 1). Water quality is to be maintained with little or no degradation. New point source discharges are prohibited; nonpoint sources will be controlled to the extent feasible through implementation of Best Management Practices (BMP's) or regulatory programs (Utah Division of Water Quality 1997). The State of Utah and the Forest Service have agreed through a 1993 Memorandum of Understanding to use Forest Plan Standards and Guidelines, and the Forest Service Handbook (FSH) 2509.22 Soil and Water Conservation Practices (SWCP's) as the BMP's. The use of SWCP's as BMP's meet the water quality protection elements of Utah's Nonpoint Source Management Plan.

The Beneficial uses and high quality water in the streams in the project area will be maintained during and following project implementation through proper implementation of BMP's and Project Design Features. No effects to the quality of water in First Water and Second Water Canyons and downstream perennial drainages (Gordon Creek) are anticipated.

**Endangered Species Act of 1973, as Amended** - Based upon the effects analysis in chapters four and five of the PCBM FEIS and the cumulative effects analysis in the FEIS FNGP, the site-specific Biological Assessment (project file), it has been determined that there will be no adverse effects to populations of threatened, endangered, or candidate wildlife, fish, or plant species from implementation of the Selected Alternative.

**Migratory Bird Treaty Act of 1918** - The Selected Alternative will retain viable populations of native species.

**Forest Plan Management Indicator Species** - Management Indicator Species include elk, deer, blue grouse, macroinvertebrates, golden eagles, and Abert squirrels (only on the Monticello District and not further discussed in this document). MIS species were evaluated as documented in the Wildlife Resources Report for the Dudley and Associates Methane Gas Exploration Drilling Project (project file).

The project will be generally consistent with management direction for big-game species. Effects are expected to be negligible.

Blue grouse preferred habitat is Douglas fir with a brushy understory interspersed with openings in the stand. They also utilize aspen and mountain brush habitats. They exhibit reverse vertical migration; moving to higher altitudes in winter. Blue grouse may utilize the mixed woodland above the project area and the nearby brushy lowlands. The proposed project area is near the lower limits of the elevational range of the blue grouse, and it does not provide habitat characteristics preferred by this species. The species was not detected during 2002 surveys in suitable habitat above the proposed project site. Therefore, the project is not likely to directly or indirectly impact the blue grouse. Since there is not likely to be any direct or indirect impacts, the proposed project will not contribute to cumulative impacts on the blue grouse.

The nearest known golden eagle nest to the proposed project area is approximately 1.25 miles away. The nearest potentially suitable nest habitat is approximately one mile away. Therefore, there is not likely to be any direct or indirect impacts on golden eagle nest sites. There is suitable forage habitat in and around the project site. During the construction and drilling phase of the project, golden eagles may avoid (be displaced from) forage habitat near the project site. Pad and road construction would remove golden eagle prey species habitat (approximately 4 acres for the pads, and 3 acres for the roads). If a dry well results, reclamation of the site would take place, including draining and reclaiming the reserve pit, distribution of topsoil, fencing the drill site, and revegetation; loss of habitat would extend over several years. If a well becomes productive, the impacts from removal of habitat would continue for approximately 20 years during the operation phase. During the abandonment phase, activity will increase during removal and reclamation of the facilities, but direct impacts would primarily be positive as habitat is restored. The Price Coalbed Methane Project, dispersed recreational activity, and road construction and maintenance may add cumulatively to the impacts of the proposed project. These activities would lead to removal of prey species habitat and increased human disturbance within golden eagle foraging habitat. The combined affect of these activities on the golden eagle is not known, but potentially could lead to abandonment of the nearest nest sites; continued nest site monitoring is necessary to determine the affect of oil and gas exploration and production on nesting golden eagles along the east side of the Wasatch Plateau.

Effects to macroinvertebrate species will be negligible since there would be no disturbance to perennial streams or aquatic habitat.

**American Antiquities Act of 1906 and Historic Preservation Act of 1966** - Based upon the project-specific survey, and consultation with the Utah State Historic Preservation Office, it has been determined that there will be no effects to any Historic, Archaeological, or Paleontological resources.

**Clean Air Act, as Amended in 1977** - Based upon the effects analysis in chapters four and five of the PCBM EIS and the cumulative effects analysis in the FEIS FNGP (Page 5-17), it has been determined that there will be no measurable effects to air quality and that this action will comply with State air quality requirements and the Clean Air Act.

**Civil Rights** - Based upon comments received during scoping and the comment periods for the PCBM FEIS, FEIS FNGP, and the current proposal, no conflicts have been identified with other Federal, State, or local agencies or with Native Americans, other minorities, women, or civil rights of any United States citizen.

**Roads Analysis** - The Forestwide Roads analysis (Roads Analysis Report, Manti-La Sal National Forest, October 2002) has been completed and calls for continued use of the Corner Canyon Road within the project area. The decision is consistent with the roads analysis recommendations.

**Secretary of Agriculture Memorandum, 1827** - The Selected Alternative is in conformance for prime farmland, rangeland, and forestland.

**Energy** - The Selected Alternative will not have unusual energy requirements and will meet the intent of the Presidents Energy Policy.

**Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations."** - This order requires the Forest Service to make achieving environmental justice part of its mission by identifying and addressing as appropriate, disproportionately high and adverse health effects, of its programs, policies, and activities on minority populations and low-income populations in the United States and territorial possessions. In compliance with this executive order, the Manti-La Sal National Forest, through scoping and public involvement attempted to identify interested and affected parties, including minority and low-income populations for this project. The Forest defined a range of alternatives to be evaluated and analyzed the consequences of the alternatives on the quality of human environment. A comment period was held for 45 days for the PCBM DEIS and DEIS FNGP following the U.S. Environmental Protection Agency's publication of the Notice of Availability in the Federal Register. Project-specific scoping was also conducted.

The land described in this analysis is managed by the USDA Forest Service as the Manti-La Sal National Forest. The decision for this document will not amend or preclude any existing private or treaty rights in the project area. No minority or low-income populations were identified during the public involvement within communities near or immediately surrounding the project area.

## **VIII. ENVIRONMENTALLY PREFERRED ALTERNATIVE**

Regulations implementing the National Environmental Policy Act (NEPA) require agencies to specify "the alternative or alternatives which were considered to be environmentally preferable" [40 CFR 1505.2(b)]. Forest Service policy further defines the "environmentally preferable alternative" as "an alternative that meets the goals of Section 101 of the NEPA." (FSH 1909.15). Section 101 of the NEPA describes national environmental policy, calling on federal, state, and local governments and the public to "create and maintain conditions under which man and nature can exist in productive harmony." Section 101 further defines this policy in six broad goals, to:

- (1) fulfill the responsibilities of each generation as trustee of the environment for succeeding generations;
- (2) assure for all Americans safe, healthful, productive, and esthetically and culturally pleasing surroundings;
- (3) attain the widest range of beneficial uses of the environment without degradation, risk to health, or safety, or other undesirable and unintended consequences;
- (4) preserve important historic, cultural, and natural aspects of our national heritage, and maintain, wherever possible, an environment which supports diversity and a variety of individual choice;
- (5) achieve a balance between population and resource use which permit high standards of living and a wide sharing of life's amenities; and
- (6) enhance the quality of renewable resources and approach the maximum attainable recycling of depletable resources.

From the perspective of causing the least amount of change to the natural environment, Alternative 1 (No Action) would be preferable. Considering a combination of all of the items described above, I believe that Alternative 2 best meets the goals of Section 101, and is therefore the environmentally preferable alternative for this proposed federal action.

Alternative 1 does not provide the best balance between socioeconomic benefits and effects to the natural environment. Therefore, I did not select it.

## **IX. IMPLEMENTATION DATE**

This project can be implemented after conclusion of the 45-day appeal period plus 5 days for mailing if no appeals are received. In the event that an appeal is received, the appeal must be decided within 60 days of the end of the 45-day appeal period.

## X. ADMINISTRATIVE REVIEW

This decision is subject to appeal pursuant to 36 CFR 215.7. Any written appeal must be postmarked or received by the Appeal Deciding Officer within 45 days of the publication of a legal notice in the *Sun Advocate*. The Appeal Deciding Officer is: Regional Forester, Intermountain Region, 324-25th Street, Ogden, UT 84401. Appeals must meet the content requirements of 36 CFR 215.14.

This decision is subject to appeal pursuant to 36 CFR 251.82. Notice of appeal must be postmarked or received by the Appeal Reviewing Officer within 45 days of the date of this decision. A notice of appeal, including the reasons for appeal, must be filed with the Regional Forester, Intermountain Region, Federal Building, 324-25th Street, Ogden, Utah 84401. A copy of the notice of appeal must be filed simultaneously with Elaine J. Zieroth, Forest Supervisor, 599 West Price River Drive, Price, Utah 84501. Appeals must meet the content requirements of 36 CFR 251.90.

For further information, contact Tom Lloyd, Manti-La Sal National Forest, Ferron-Price Ranger District, 115 West Canyon Road, Ferron, Utah 84523 (435-636-3596) or Carter Reed, Manti-La Sal National Forest, 599 West Price River Drive, Price, Utah 84501 (435) 637-2817.

Melissa Blackwell  
MELISSA BLACKWELL  
Forest Supervisor

May 28, 2003  
Date

# Attachment 1

## Project Maps



491000m E.

492000m E.

493000m E.

N 27 Zone 12S 495000m E.

4384000m N.

4383000m N.

4382000m N.

4381000m N.

4380000m N.

4379000m N.

4384000m N.

4383000m N.

4382000m N.

4381000m N.

4380000m N.

4379000m N.

# Dudley & Associates, LLC

Manti-La Sal  
National  
Forest

Dudley Federal 42-24

Dudley Federal 43-24

Dudley Federal 41-25

Dudley Federal 43-25

Trailhead  
to North Fork  
Canyon

R.7.E. R.8.E.

Talon Resources, Inc.

195 North 100 West

Huntington, Utah 84528

435-687-5310

NAD27 Zone 12S 495000m E.

TN MN  
13°

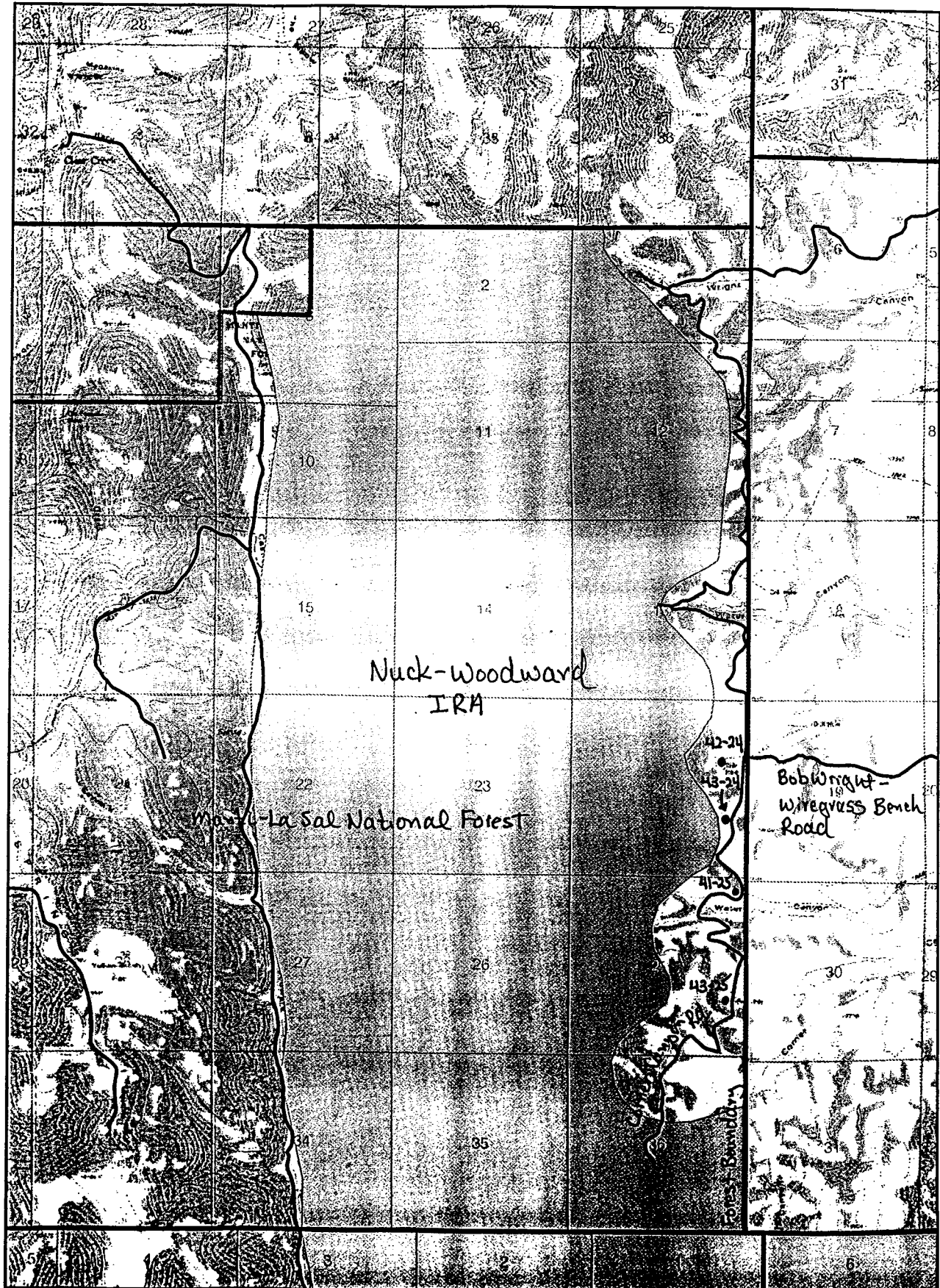
map 1

Project Location map

0 1000 FEET 0 500 1000 METERS  
Printed from TOPOI ©2000 National Geographic Holdings (www.topo.com)

Existing  
Roads to be used  
and improved  
Project Road

Map 2  
Nuck-Woodward IRA



T.14 S.

Nuck-Woodward  
IRA

Monticello National Forest

Bob Wright -  
Wiregrass Bench  
Road

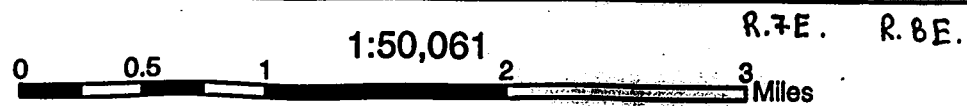
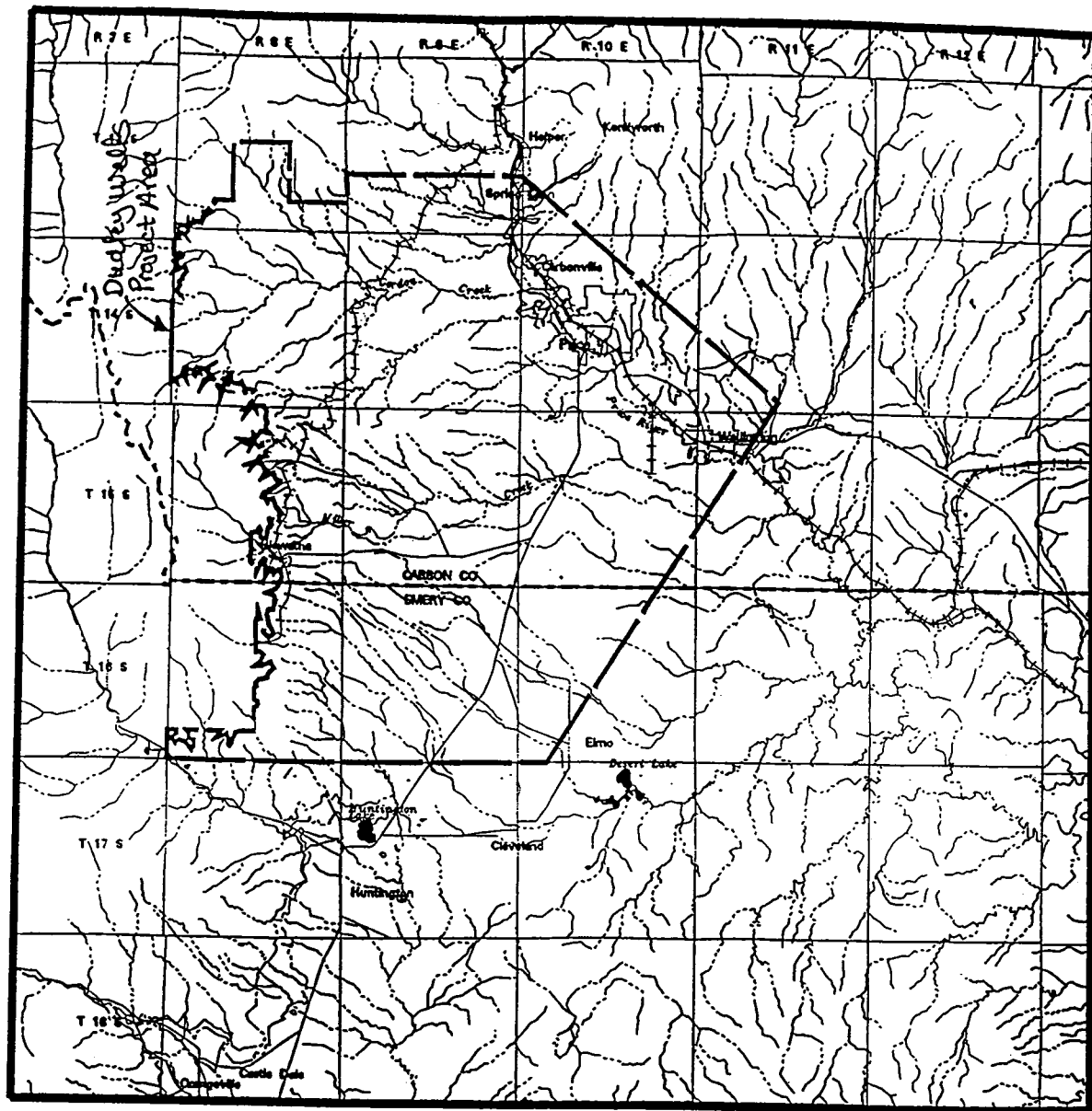


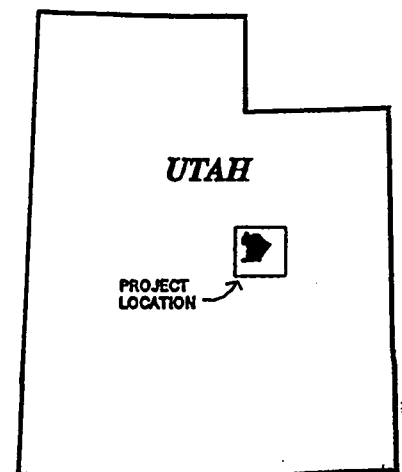
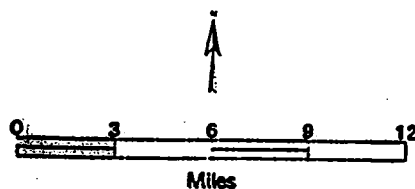
Figure M-1. Project Location, Price CBM EIS,  
Carbon and Emery Counties, Utah.

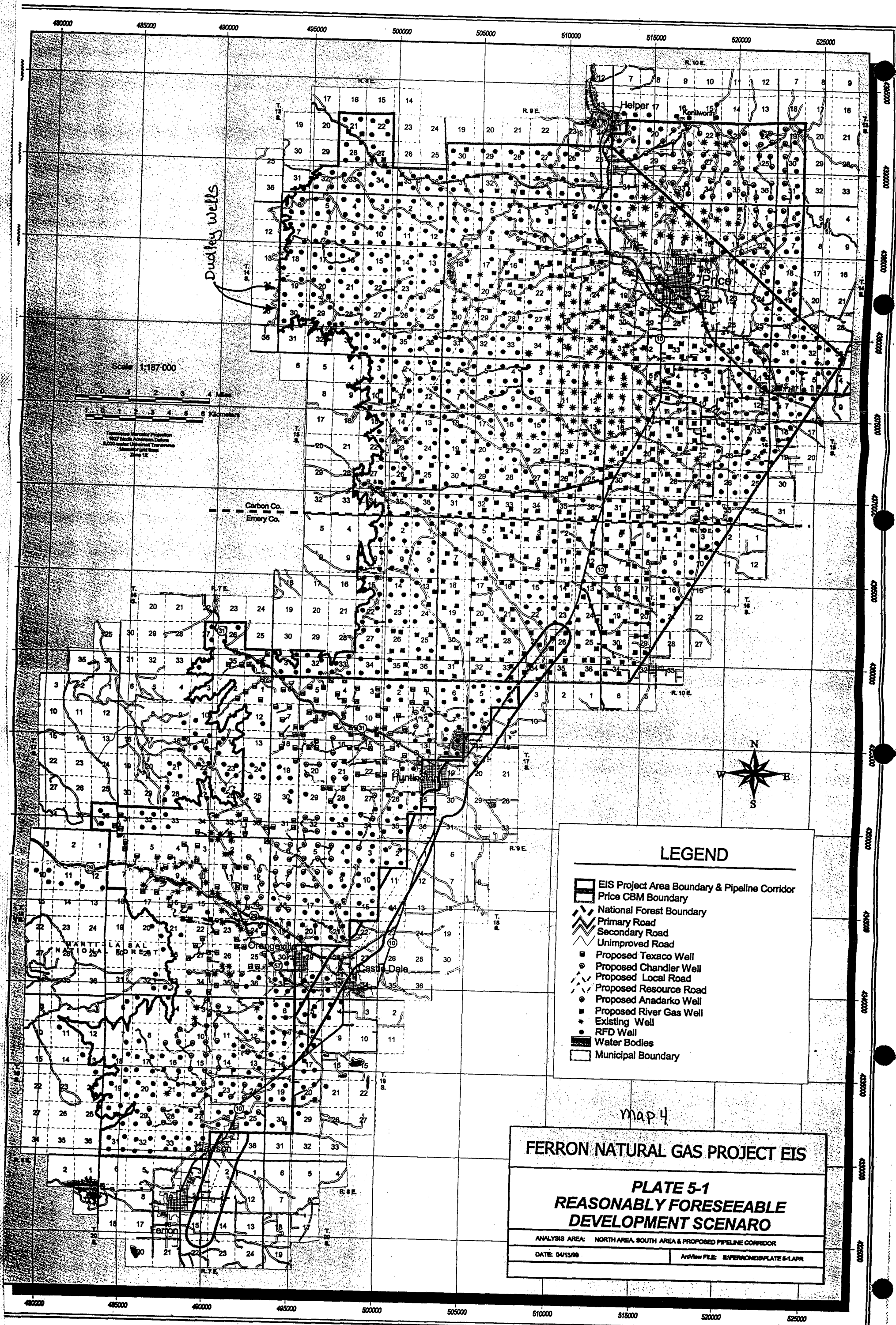
map 3



# LEGEND

- Proposed Price CBM EIS Boundary (RGC Project)
- County Boundary
- Primary/Secondary Roads
- Railroads
- Hydrology





**LEGEND**

- EIS Project Area Boundary & Pipeline Corridor
- Price CBM Boundary
- National Forest Boundary
- Primary Road
- Secondary Road
- Unimproved Road
- Proposed Texaco Well
- Proposed Chandler Well
- Proposed Local Road
- Proposed Resource Road
- Proposed Anadarko Well
- Proposed River Gas Well
- Existing Well
- RFD Well
- Water Bodies
- Municipal Boundary

map 4

**FERRON NATURAL GAS PROJECT EIS**

**PLATE 5-1**

**REASONABLY FORESEEABLE DEVELOPMENT SCENARIO**

ANALYSIS AREA: NORTH AREA, SOUTH AREA & PROPOSED PIPELINE CORRIDOR

DATE: 04/13/08

AutoView FILE: E:\FERRON\CD\PLATE 5-1.APR



## **Attachment 2**

### **Additional Stipulations To The Surface Use Plan Operation Dudley Federal 42-24, 43-24, 41-25, 43-25**

1. The Forest must be notified 2 business days in advance that heavy equipment will be moved onto National Forest Systems lands and that surface disturbing activities will commence. All equipment must be washed to remove all dirt and grease that may contain noxious weed seed, prior to being brought onto the forest. In addition, all noxious weed plants must be removed from the project area before construction work begins to prevent spreading seeds. Seed heads must be cut off and placed in suitable sealed containers for disposal by burning or other suitable methods to prevent spreading of seeds.
2. The Forest Service must be notified of any proposed alterations to the plan of operations. Any changes to the existing plan are subject to Forest Service review and approval.
3. The licensee/permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth in Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of a permit/operation plan by the Secretary of the Interior, (2) uses of all existing improvements, such as National Forest System Roads, within and outside the area licensed, permitted or leased by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by a permit/operating plan approved by the Secretary of the Interior.
4. Section corners, survey markers and claim corners in the project area must be located and flagged by the operator prior to operations. The proper authority must approve the removal or disturbance of identified markers.
5. A qualified, responsible official or representative of the designated operator who is aware of the terms and conditions of the APD/SUPO and specifications in the approved plans must supervise all surface-disturbing activities, including reclamation. A copy of the approved Surface Use Plan of Operations and Spill Contingency Plan must be kept at the well sites at all times for reference by the operator and must be produced upon request by Forest Service personnel.
6. The company is responsible to follow Forest and State mandated fire restrictions. The Forest Service reserves the right to suspend operations during periods of high fire potential. On-site company personnel are required during flaring operations.

7. The Memorandum of Understanding with the State of Utah Air Conservation Committee will be implemented. This will assure project implementation activities meet the State and Federal Air quality standards.
8. Reclamation recontouring and reseeding of disturbed areas will be performed as soon as practicable (within the same drilling season).
9. Seeding shall be performed using the certified seed mix. The seed mixture must meet or exceed the pure live seed standards of the Utah Seed Law containing a maximum allowable weed content of less than 2 percent with no noxious weed species. Independent seed analysis is required on seeds to determine other undesirable weed species. The company is responsible for eradication of presently known noxious weeds and eradication of presently unknown noxious weeds that enter any disturbed areas. Below is the recommended seed mix.

| Species                   | Scientific Name        | Pounds/Acre |
|---------------------------|------------------------|-------------|
| Intermediate Wheatgrass   | Agropyron intermediate | 2           |
| Slender Wheatgrass        | Agropyron trachycaulum | 2           |
| Western Wheatgrass        | Agropyron smithii      | 2           |
| Blue Bunch Wheatgrass     | Agropyron spicatum     | 2           |
| Ladak Alfalfa             | Medicago sativa ladak  | 1           |
| Mountain Brome            | Bromus carinatus       | 2           |
| Great Basin Wild Ryegrass | Elymus cinereus        | 1           |
| Paiute Orchard Grass      | Dactylis glomeratus    | 1           |
|                           | Total                  | 13          |

10. Revegetation of disturbed areas, including road cut and fills, production pad reclaimed areas, and other reclaimed areas, is required. Revegetation shall be considered successful when (1.) seventy percent (70%) vegetation and crown cover is re-established over the entire disturbed area, (2.) of the vegetative cover, at least 90% of the living plants must be desirable native plants or seeded species, (3.) ground cover (vegetation, rock, litter) is at least 60%, (4.) there are no signs of active erosion, (5.) and the area is consistently free of noxious weeds. Adjacent undisturbed areas will be used as a base for comparison. If the desired ground cover is not established at the end of each 3-year period, the company will be required to do additional treatment and seeding.
11. An erosion and sediment control plan will be prepared as prescribed in the Soil and Water Conservation Practices Handbook. During operations the operator shall maintain seasonal erosion control structures.
12. Following completion of the project, the pad and project area must be recontoured to approximate original contour to blend naturally with the surrounding area. Gravel will be salvaged and stockpiled in an area approved by the Forest Service.

13. The pad area must be fenced (let-down fence of design to be approved by the Forest Service) and the project road must be adequately closed off to prevent continued access until the required reclamation standards are successfully achieved.
14. The operator is responsible for maintenance of reclamation facilities such as fences, barricades and temporary drainage structures until the desired reclaimed conditions are achieved.
15. A gate with approved reflective signs must be constructed on the pad access roads near the intersection with Forest Road 50048 to prevent public access to the pads. The gate must be locked at any time when the pad is unoccupied by company personnel. The Forest Service must approve the gate design and signs.
16. Surface aggregate shall be Forest Service gradation F and shall meet wear requirements contained in Forest Service Specifications for Construction of Roads and Bridges, section 703.05. Aggregate must be obtained from a verified weed free source.
17. Drill pads will be designed to prevent or diminish overland flow from entering the site during precipitation events. Pad sites will be sloped to drain all spills and on-site precipitation into the reserve pits. If necessary, pits will be pumped out to reduce their content and insure that overflow does not occur. Fluids will be disposed of off-Forest at a Utah State approved disposal site.
18. The operator must take reasonable precautions when setting surface casing to prevent excessive migration of cement in fracture systems that could disrupt the flow and quality of water at springs in the vicinity of the well. Measures such as use of high-viscosity cement and non-polluting additives should be considered.
19. Unless otherwise specified in the Forest Service conditions for approval the Surface-Use Plan of Operations, contaminated soils and gravel in the project area and the contents of the reserve pit, including the liner material, will be removed from the National Forest and disposed of at an approved facility. Exceptions may be granted if the operator can demonstrate non-toxicity through testing or isolation through encapsulation.
20. Before construction, reconstruction, or operation activities can commence, the operator must file a spill contingency plan with the Forest Service. The plan is subject to Forest Service approval. The plan must identify the potential for spills to occur, activities that could result in spills, substances that could be spilled, identify appropriate containment/cleanup actions, and identify equipment/materials to be maintained in vehicles and at the drilling pad to contain or neutralize spilled materials. The plan must identify potentially affected parties, required contacts, and time frames for cleanup in the event of a spill. The plan must be consistent with the

United States Environmental Protection Agency Region VIII Oil and Hazardous Substances Regional Contingency Plan.

21. The company will develop and submit a water-monitoring plan to be approved by the Forest Service. The plan will identify the monitoring objective(s), items to monitor, monitoring sites, methodology, frequency and duration, analysis and reporting procedures, projected costs, and monitoring responsibility. Projects implementation will not be permitted until the monitoring plan is approved
22. Sediment catchment structures will be added below critical construction areas to reduce sedimentation.
23. Warning signs, meeting MUTCD standards, will be installed at the entrance to road construction or reconstruction projects, at the junction of National Forest System roads and project roads, and near dispersed camp areas ¼ mile from drilling operations to alert hunters and other Forest users to the presence of working equipment and crews.
24. Drill rigs and heavy equipment shall not be transported into the area during Federal and State holiday weekends or on the opening weekends of the general deer and elk seasons. The "weekends" include Friday.
25. Reserve pits must be dry before backfilled and any pit liners, trash, and other foreign materials must be removed and disposed of at a facility licensed to accept the materials.
26. The company shall repair watershed contour furrows damaged during exploration operations as approved by the Forest Service.
27. Drilling operations shall be coordinated with grazing permittees.
28. Gates must be closed after entry unless otherwise specified.
29. The company is responsible for damage to fences, cattle guards, resource improvements, roads, and other structures on National Forest System land that result from their operations. The Forest Service must be notified of damages as soon as possible.
30. Equipment is required to be maintained clean, operationally safe, and in good repair. All equipment will be thoroughly washed to remove accumulations oil and grease, mud, soil, vegetative material and noxious weed seed prior to entering the forest. The company shall make equipment available for inspection by the responsible Forest officer prior to entering the forest.
31. If cultural or paleontological resources are found during implementation of the project, operations will immediately cease at that location and the District Ranger will



be notified. Unauthorized excavation, removal, or damage of archaeological resources is subject to fines and other penalties under authority of the Archaeological Resources Protection Act (ARPA) of 1979 (as amended).

32. No construction or drilling operations will be allowed from December 1 through April 15 each year to minimize effects to wintering big game. Only maintenance of producing wells will be allowed during this period.
33. The operator must obtain appropriate permissions and permits to use County and private roads. An encroachment permit must be obtained from Carbon County for use of the Bob Wright Canyon-Wiregrass Bench Road and must improve and maintain this road in accordance with County requirements and terms of the permit.
34. Dogs and other pets must be kept on a leash and prevented from chasing or otherwise harassing wildlife.
35. Appropriate measures must be taken to prevent fugitive dust on the access roads and pads. Watering and application of approved dust suppressants, such as magnesium chloride, will be required as needed.
36. Dudley is required to participate in the raptor-monitoring program conducted by the Utah Division of Wildlife Resources and the BLM, Price Field Office Wildlife Habitat Mitigation Program for the Price Coalbed Methane Project Program Area, 1998.

## Attachment 3

### Responses to Comments

Letters are identified and summarized below followed by responses and a description of how the comment was considered in issue development:

#### USDOL, Fish and Wildlife Service

- Confirmed raptor surveys had been conducted

Response - Comment noted.

- Concerned about improved roads will increase wildlife mortality, recommend speed limits to minimize risk

Response - The Forest Service requires that operators and the public observe safe speeds commensurate with conditions. Speeds will be monitored along with project inspections. Enforcement action will be taken as appropriate. Since this is a resolvable concern, it was not evaluated as an issue but was considered in development of operational standards for operations.

- If project increases in size, a more extensive analysis should be done.

Response - No additional wells have been proposed at this time. If additional wells are proposed, they would be subject to additional analysis under the National Environmental Policy Act considering direct/indirect and cumulative effects.

- Production and utility line should follow existing road where possible, and utilities should be buried.

Response - Dudley plans to bury pipelines and powerlines under the road and the Manti-La Sal National Forest plans to minimize surface disturbance by requiring that utilities be located such that disturbance is minimized.

- Provided updated list of T & E species.

Response - The Biological Assessment prepared for the project considered the updated list of species provided.

- Formal consultation is required if action is likely to adversely affect any of the listed species.

Response - Consultation was completed in accordance with the Endangered Species Act.

- Other items dealing with the ESA (Endangered Species Act)

Response - Consultation has been completed in conformance with the Endangered Species Act.

#### **State of Utah, Department of Environmental Quality**

- Agency is writing Total Maximum Daily Loads TMDL's and a watershed plan for the West Colorado Watershed.

Response - Comment noted.

- This is an "alert" as to the watershed work that is ongoing and modify permittees of their responsibility to be aware of constraints with regard to impacts to water quality.

Response - Drainage and sediment control has been required such that introduction of pollutants to the adjacent environment should be negligible. It is not anticipated that ground water will be encountered in large quantities. Wastewater will be contained and treated in accordance with the Clean Water Act and State water laws.

#### **USDOI, Bureau of Land Management**

- Road Rights of way from the BLM, they want map.

Response - A map will be made available as requested. Applications have been submitted by Talon to Price BLM Office on behalf of Dudley.

- Utility construction rights are also applicable

Response - See above.

#### **Utah Environmental Congress**

- Next to Nuck Woodard IRA and UEC's roadless area Boundaries.

Response - The project does not extend into the Nuck-Woodward Inventoried Roadless Area. The pads lie either directly adjacent to the Corner Canyon road or areas already disturbed by dispersed recreation activities. The project would not affect the roadless character of the IRA.

- Request to consider noise pollution, increased traffic, and reduced value to wildlife.

Response - Noise, increased traffic and the associated effects to wildlife and other resources have been considered cumulatively in the FEIS for the Ferron Natural Gas Project. A site-specific analysis has been completed and it has been determined that the effects of the proposed project are adequately disclosed in the referenced FEIS.

- Impacts to sensitive plants species

Response - Effects to sensitive plant species have been considered. No sensitive plant species would be affected as disclosed in the BE/BA (project file) and Wildlife Resources Report (project file).

- Concerned and about no monitoring data on the Forest for Sensitive Plant Species.

Response - The project area is not suitable habitat for any sensitive species and surveys of the area have determined that no sensitive species inhabit the area.

#### **Lynna Topolovec**

- Concerned about erosion, and thinks no disturbance is the land is the best policy.

Response - Forest Service requirements will result in minimizing surface disturbance. Erosion and sediment control measures are required and will be implemented to minimize erosion.

- States that there will be bigger impact due to proximity to steep slopes.

Response - The project area has gentle slopes below the steep cliffs of the eastern escarpment of the Wasatch Plateau. All of the pads lie on gently sloping lands. Steep slopes and land stability are not concerns in this area.

- Concerned about 50 foot development swaths and roads and cuts and the aesthetics of the near by Gordan Creek/Oman Field in the Pinnacle Peak area.

Response - Manti-La Sal National Forest road standards call for single-lane roads (14-foot running surface) with turnouts that is the desired Forest Plan standard for Forest Service Roads. Most of the Corner Canyon road was reconstructed to the standard with gravel surfacing for oil and gas exploratory drilling in the early and mid 1980s. The only work to be done in these sections would be to repair and replace drainage structures and place gravel to desired depths. The remaining portions of the Corner Canyon road would be reconstructed to the same road standard.

- Sees no need for expanded road size.

Response - See above. Widening would be limited as necessary to provide for a 14-foot gravel running surface, with occasional turnouts to allow for safe passing of traffic in both directions at selected locations. These improvements are needed to prevent erosion of the road surface and adjacent areas, prevent rutting, and to safely accommodate both project and public traffic.

- Recommends long term effects analysis.

Response - The effects analyses consider production lives of the wells at approximately 20 years, if they become productive. If not, the pads and pad access roads would be replaced to approximate original contour, reclaimed, and revegetated.

- Doesn't want oversized pads and concerned about unvegetated slopes.

Response - The Manti-La Sal National Forest has worked with Dudley to reduce proposed pad sizes to the minimum needed to safely accommodate the proposed operations. This would minimize surface disturbance.

In the event that a well is not productive, it will be reclaimed as discussed in the previous response. If a well becomes productive, the pad would be reduced to a smaller production pad size and the cut and fill slopes would be reduced, reclaimed, and revegetated. Prescribed vegetation ground cover standards must be met.

- Concerned about "flare offs" being conducted during high fire potential times and unattended "flare offs".

Response - Flaring would be controlled to prevent the potential for igniting fires. Adequate measures would be taken to prevent, limit, or accommodate flaring during the fire season, depending on fire danger conditions. In extreme conditions, flaring could be prohibited.

- Concerned that water extracted from wells be contained in lined ponds with fences high enough to prevent wildlife from drinking the contaminated water.

Response - Drilling fluids will be contained on site and disposed of in accordance with the State requirements consistent with the Clean Water Act. The Manti-La Sal National Forest requires that the pads be constructed with a perimeter berm that would contain all fluids and that the pad be sloped to the reserve pit. All precipitation and other fluids entering the pad would drain to the reserve pit. Fences are required as needed to prevent wildlife from drinking contaminated fluids.

- See photos.

Response - See responses to individual comments.

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

|   |  |  |
|---|--|--|
| 1. TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ |  | 5. LEASE DESIGNATION AND SERIAL NUMBER:<br>UTU-77371 |
| 2. NAME OF OPERATOR:<br>Dudley & Associates, LLC  |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME:<br>N/A         |
| 3. ADDRESS OF OPERATOR:<br>1776 Lincoln St., 904 CITY Denver STATE CO ZIP 80203                               |  | 7. UNIT or CA AGREEMENT NAME:<br>N/A                 |
| 4. LOCATION OF WELL<br>FOOTAGES AT SURFACE: 1619' FSL, 514' FEL   |  | 8. WELL NAME and NUMBER:<br>Dudley Federal 43-24     |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 24 14S 7E S   |  | 9. API NUMBER:<br>4300730877                         |
| COUNTY: Carbon  |  | 10. FIELD AND POOL, OR WILDCAT:<br>Undesignated      |
| STATE: UTAH   |  |  |

## 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION  | TYPE OF ACTION  |   |  |
|---|---|---|--|
| <input type="checkbox"/> NOTICE OF INTENT<br>(Submit in Duplicate)<br>Approximate date work will start:<br>_____          | <input type="checkbox"/> ACIDIZE                        | <input type="checkbox"/> DEEPEN                           | <input type="checkbox"/> REPERFORATE CURRENT FORMATION     |
|   | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> FRACTURE TREAT                   | <input type="checkbox"/> SIDETRACK TO REPAIR WELL          |
|   | <input type="checkbox"/> CASING REPAIR                  | <input type="checkbox"/> NEW CONSTRUCTION                 | <input type="checkbox"/> TEMPORARILY ABANDON               |
|   | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS       | <input type="checkbox"/> OPERATOR CHANGE                  | <input type="checkbox"/> TUBING REPAIR                     |
|   | <input type="checkbox"/> CHANGE TUBING                  | <input type="checkbox"/> PLUG AND ABANDON                 | <input type="checkbox"/> VENT OR FLARE                     |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>Date of work completion:<br>_____ | <input type="checkbox"/> CHANGE WELL NAME               | <input type="checkbox"/> PLUG BACK                        | <input type="checkbox"/> WATER DISPOSAL                    |
|   | <input type="checkbox"/> CHANGE WELL STATUS             | <input type="checkbox"/> PRODUCTION (START/RESUME)        | <input type="checkbox"/> WATER SHUT-OFF                    |
|   | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE         | <input type="checkbox"/> OTHER: <u>Extend State Permit</u> |
|   | <input type="checkbox"/> CONVERT WELL TYPE              | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION |  |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Dudley &amp; Associates, LLC. hereby requests a one year extension of the state permit for the Dudley Federal 43-24.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 12-31-03By: [Signature]**ORIGINAL**

COPY SENT TO OPERATOR

Date: 1-5-04Initials: CHDNAME (PLEASE PRINT) Larry JohnsonTITLE Agent for Dudley & Associates, LLCSIGNATURE [Signature]DATE 12/24/2003

(This space for State use only)

**RECEIVED**  
**DEC 29 2003**  
DIV. OF OIL & GAS MINING

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43-007-30877  
**Well Name:** Dudley Federal 43-24  
**Location:** NE/4 SE/4, Section 24, T14S, R7E  
**Company Permit Issued to:** Dudley & Associates, LLC  
**Date Original Permit Issued:** 12/17/2002

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

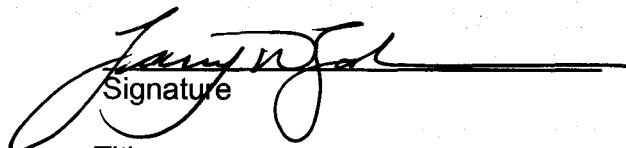
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

  
Signature

12/24/2003

Date

Title: Agent for Dudley & Associates, LLC

Representing: Dudley & Associates, LLC

RECEIVED

DEC 29 2003

DIV. OF OIL, GAS & MINING

ORIGINAL

002

Date  
Opened: 11/22/2002

Term: 12 Months

Tax  
ID: 84-1102025

Number: \_\_\_\_\_

## CERTIFICATE OF DEPOSIT COPY

AND

## CERTIFICATE OF DEPOSIT SIGNATURE CARD

Account Number: 23954

Amount of  
Deposit: Twenty-five Thousand Dollars And No Cents

\$ 25000.00

This Time Deposit is Issued to:

Issuer:

DUDLEY &amp; ASSOCIATES LLC

1776 LINCOLN ST SUITE 904

DENVER

CO 80203-1026

WESTERN NATL BK - CHERRY CREEK  
3033 EAST FIRST AVE  
DENVER, CO 80206

Not Negotiable - Not Transferable - Additional terms are below.

By 

## Additional Terms and Disclosures

This form contains the terms for your time deposit. It is also the Truth-in-Savings disclosure for those depositors entitled to one. There are additional terms and disclosures on page two of this form, some of which explain or expand on those below. You should keep one copy of this form.

Maturity Date: This account matures 11/22/2003

(See below for renewal information.)

**Rate Information:** The interest rate for this account is 1.9000 % with an annual percentage yield of 1.92 %. This rate will be paid until the maturity date specified above. Interest begins to accrue on the business day you deposit any noncash item (for example, a check).

Interest will be compounded monthly 171,3395

Interest will be credited monthly

☒ The annual percentage yield assumes that interest remains on deposit until maturity. A withdrawal of interest will reduce earnings.

☐ If you close your account before interest is credited, you will not receive the accrued interest.

The NUMBER OF ENDORSEMENTS needed for withdrawal or any other purpose is: \_\_\_\_\_

**Minimum Balance Requirement:** You must make a minimum deposit to

open this account of \$ 1,000.00

☒ You must maintain this minimum balance on a daily basis to earn the annual percentage yield disclosed.

**Withdrawals of Interest:** Interest ☐ accrued ☒ credited during a term can be withdrawn: \_\_\_\_\_

**Early Withdrawal Penalty:** If we consent to a request for a withdrawal that is otherwise not permitted you may have to pay a penalty. The penalty will be an amount equal to: 30 days

\_\_\_\_\_ interest on the amount withdrawn.

**Renewal Policy:**

☐ **Single Maturity:** If checked, this account will not automatically renew. Interest ☐ will ☐ will not accrue after maturity.

☒ **Automatic Renewal:** If checked, this account will automatically renew on the maturity date. (see page two for terms)  
Interest ☐ will ☒ will not accrue after final maturity.

**ACCOUNT OWNERSHIP:** You have requested and intend the type of account marked below.

- ☐ Individual
- ☐ Joint Account - With Survivorship (and not as tenants in common)
- ☐ Joint Account - No Survivorship (as tenants in common)
- ☐ Trust: Separate Agreement Dated \_\_\_\_\_
- ☒ Limited Liability Corporation

☐ Revocable Trust Designation as defined in this agreement (Beneficiaries' names and addresses)

## BACKUP WITHHOLDING CERTIFICATIONS

TIN: 84-1102025

☒ **Taxpayer I.D. Number -** The Taxpayer Identification Number shown above (TIN) is my correct taxpayer identification number.

☐ **Exempt Recipients -** I am an exempt recipient under the Internal Revenue Service Regulations.

☒ **Backup Withholding -** I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

**SIGNATURE -** I certify under penalties of perjury the statements checked in this section and that I am a U.S. person (including a U.S. resident alien).

X \_\_\_\_\_

DATE \_\_\_\_\_

SIGNATURES: I AGREE TO THE TERMS STATED ON PAGE ONE AND PAGE TWO.

X \_\_\_\_\_

X \_\_\_\_\_

X \_\_\_\_\_



WESTERN NATL BK - CHERRY CREEK  
3033 EAST FIRST AVE  
DENVER, CO 80206

**OWNERSHIP OF ACCOUNT - CONSUMER (Select One and Initial):**

- ☐ Single-Party Account ☐ Trust-Separate Agreement  
☐ Multiple-Party Account  
☐ Other

**RIGHTS AT DEATH (Select One And Initial):**

- ☐ Single-Party Account  
☐ Multiple-Party Account With Right of Survivorship  
☐ Multiple-Party Account Without Right of Survivorship  
☐ Single-Party Account With Pay On Death  
☐ Multiple-Party Account With Right of Survivorship and Pay On Death  
PAY-ON-DEATH BENEFICIARIES: To Add Pay-On-Death Beneficiaries Name One or More:

**OWNERSHIP OF ACCOUNT - BUSINESS PURPOSE**

- ☐ SOLE PROPRIETORSHIP ☐ PARTNERSHIP  
☐ CORPORATION: ☐ FOR PROFIT ☐ NOT FOR PROFIT  
☒ Limited Liability Company  
BUSINESS:  
COUNTY & STATE  
OF ORGANIZATION:  
AUTHORIZATION DATED:

DATE OPENED 11/22/2002 BY GERI DAHLE  
INITIAL DEPOSIT \$ 25000.00  
☐ CASH ☐ CHECK ☒ FROM ACCT:  
HOME TELEPHONE #  
BUSINESS PHONE # 303-861-0800  
DRIVER'S LICENSE #  
E-MAIL  
EMPLOYER  
MOTHER'S MAIDEN NAME  
Name and address of someone who will always know your location:  
**EXISTING CLIENT**

**BACKUP WITHHOLDING CERTIFICATIONS**

TIN: 84-1102025

☒ **TAXPAYER I.D. NUMBER** - The Taxpayer Identification Number shown above (TIN) is my correct taxpayer identification number.

☒ **BACKUP WITHHOLDING** - I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.

☐ **EXEMPT RECIPIENTS** - I am an exempt recipient under the Internal Revenue Service Regulations.

**SIGNATURE:** I certify under penalties of perjury the statements checked in this section and that I am a U.S. person (including a U.S. resident alien).

X DAVID C DUDLEY 11/25/02  
(Date)

ACCOUNT NUMBER 23954 PORTFOLIO NUMBER 117401

**ACCOUNT OWNER(S) NAME & ADDRESS**

DUDLEY & ASSOCIATES LLC  
FBO DEPT OF INTERIOR-BLM  
PDPA#14110008  
1776 LINCOLN ST SUITE 904  
DENVER CO 80203-1026

**STIPULATION: ONLY THE BLM MAY AUTHORIZE REDEMPTION OF CD**

- TYPE OF ACCOUNT**
- |                                       |  |
|---------------------------------------|--|
| <input type="checkbox"/> NEW          | <input type="checkbox"/> EXISTING                          |
| <input type="checkbox"/> CHECKING     | <input type="checkbox"/> SAVINGS                           |
| <input type="checkbox"/> MONEY MARKET | <input checked="" type="checkbox"/> CERTIFICATE OF DEPOSIT |
| <input type="checkbox"/> NOW          | <input checked="" type="checkbox"/> COD                    |

This is your (check one):

- ☒ Permanent ☐ Temporary account agreement.

Number of signatures required for withdrawal 1

FACSIMILE SIGNATURE(S) ALLOWED? ☐ YES ☐ NO

X

**SIGNATURE(S)** - The undersigned agree to the terms stated on every page of this form and acknowledge receipt of a completed copy. The undersigned further authorize the financial institution to verify credit and employment history and/or have a credit reporting agency prepare a credit report on the undersigned, as individuals. The undersigned also acknowledge the receipt of a copy and agree to the terms of the following disclosure(s):

- ☒ Deposit Account ☐ Funds Availability ☒ Privacy  
☐ Electronic Funds Transfer ☐ Truth in Savings  
☐

(1) X DAVID C DUDLEY  
I.D. # [REDACTED] D.O.B. 11/24/50

(2) X [REDACTED]  
I.D. # [REDACTED] D.O.B. [REDACTED]

(3) X [REDACTED]  
I.D. # [REDACTED] D.O.B. [REDACTED]

(4) X [REDACTED]  
I.D. # [REDACTED] D.O.B. [REDACTED]

**AGENCY (POWER OF ATTORNEY) DESIGNATION (Optional):** To Add Agency Designation To Account, Name One or More Agents:

(Select One and Initial):

- ☐ Agency Designation Survives Disability or Incapacity of Parties  
☐ Agency Designation Terminates on Disability or Incapacity of Parties

010

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

|   |  |  |
|---|--|--|
| 1. TYPE OF WELL<br>OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ |  | 5. LEASE DESIGNATION AND SERIAL NUMBER:<br>UTU-77371 |
| 2. NAME OF OPERATOR:<br>Dudley & Associates, LLC  |  | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME:<br>N/A         |
| 3. ADDRESS OF OPERATOR:<br>1776 Lincoln; Rm 904 CITY Denver STATE CO ZIP 80203                                |  | 7. UNIT or CA AGREEMENT NAME:<br>N/A                 |
| 4. LOCATION OF WELL<br>FOOTAGES AT SURFACE: 1,619' FSL, 514' FEL  |  | 8. WELL NAME and NUMBER:<br>Dudley Federal 43-24     |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESE 24 14S 7E S   |  | 9. API NUMBER:<br>4300730877                         |
| COUNTY: Carbon  |  | 10. FIELD AND POOL, OR WILDCAT:<br>Gordon Creek      |
| STATE: UTAH   |  |  |

## 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION   | TYPE OF ACTION  |   |  |
|--|---|---|--|
| <input type="checkbox"/> NOTICE OF INTENT<br>(Submit in Duplicate)<br>Approximate date work will start: _____          | <input type="checkbox"/> ACIDIZE                        | <input type="checkbox"/> DEEPEN                           | <input type="checkbox"/> REPERFORATE CURRENT FORMATION     |
|  | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> FRACTURE TREAT                   | <input type="checkbox"/> SIDETRACK TO REPAIR WELL          |
|  | <input type="checkbox"/> CASING REPAIR                  | <input type="checkbox"/> NEW CONSTRUCTION                 | <input type="checkbox"/> TEMPORARILY ABANDON               |
|  | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS       | <input type="checkbox"/> OPERATOR CHANGE                  | <input type="checkbox"/> TUBING REPAIR                     |
|  | <input type="checkbox"/> CHANGE TUBING                  | <input type="checkbox"/> PLUG AND ABANDON                 | <input type="checkbox"/> VENT OR FLARE                     |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT<br>(Submit Original Form Only)<br>Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME               | <input type="checkbox"/> PLUG BACK                        | <input type="checkbox"/> WATER DISPOSAL                    |
|  | <input type="checkbox"/> CHANGE WELL STATUS             | <input type="checkbox"/> PRODUCTION (START/RESUME)        | <input type="checkbox"/> WATER SHUT-OFF                    |
|  | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE         | <input type="checkbox"/> OTHER: <u>Extend State Permit</u> |
|  | <input type="checkbox"/> CONVERT WELL TYPE              | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION |  |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Dudley &amp; Associates, LLC hereby requests a one year extension of the state permit for the Dudley Federal 43-24

This is the second extension that has been requested.

**Approved by the  
Utah Division of  
Oil, Gas and Mining**

Date: 01-18-05  
By: [Signature]

COPY SENT TO OPERATOR  
Date: 1-20-05  
Initials: DH

**ORIGINAL**

|   |   |
|---|---|
| NAME (PLEASE PRINT) <u>Don Hamilton</u> | TITLE <u>Agent for Dudley &amp; Associates, LLC</u> |
| SIGNATURE <u>Don Hamilton</u>           | DATE <u>1/12/2005</u>                               |

(This space for State use only)

**RECEIVED****JAN 14 2005**

DIV. OF OIL, GAS &amp; MINING

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 43-007-30877 ☐  
**Well Name:** Dudley Federal 43-24  
**Location:** NE/4 SE/4, Section 24, T14S, R7E, SLB&M  
**Company Permit Issued to:** Dudley & Associates, LLC  
**Date Original Permit Issued:** ~~9/27/2002~~ 12/17/02

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

Don Hamilton  
Signature

1/12/2005  
Date

**Title:** Agent for Dudley & Associates, LLC

**Representing:** Dudley & Associates, LLC

ORIGINAL



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

March 22, 2006

Don Hamilton  
Buys & Associates, Inc.  
2580 Creekview Road  
Moab, Utah 84532

Re: APD Rescinded –Dudley Federal 43-24 Sec. 24, T. 14S R. 7E  
Carbon County, Utah API No. 43-007-30877

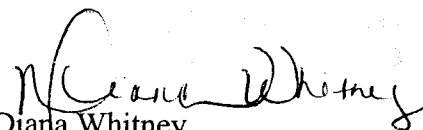
Dear Mr. Hamilton:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on December 17, 2002. On December 31, 2003 and on January 18, 2005, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 22, 2006.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

  
Diana Whitney  
Engineering Technician

cc: Well File  
Bureau of Land Management, Moab